

POLITICAL AND SECRET DEPARTMENT.

P.

1235

1913.

Subject:

China - Mongolia

British commercial interests

This File contains the following papers :—

YEAR.

1913. P. 4614^a 5190

1914. P. 173 425 452 531 807 1034 2023 2374 2897 2898

3114 4687 4882 4969

1915. P. 519 949 2127 2234 2744 3453 4707

1916. P. 1079 2774

Memoranda.

If any papers are removed from this File, please inform the Political Registry.

Register No.

Put away with 1235

2774

13

Minute Paper.

Secret Department.

Letter from Foreign Office

Dated

1916.

Rec. 13 July

	Date.	Initials.	SUBJECT.
To			
Under Secretary....	20 July	Abt	<p><u>Mongolia</u> <u>Munro</u></p> <p>The Kiakhtha agreement, 1915 : its effect on British commercial interests in Mongolia. Text of proposed communication to Russian Govt.</p>
Secretary of State...	20	P.W.H.	
Committee.....			
Under Secretary....			
Secretary of State...			

Copy to India 13 July 1916

FOR INFORMATION.

Please see minute on P. 4707/15.

The last paragraph of the proposed communication to Russia has been altered and expanded since the draft was sent to this Office for concurrence in Dec. 1915. As then worded, ^(the draft) merely expressed the "conclusion" of H.M. Govt. that Russia wd. not object to our negotiating direct with Mongolia. This has been replaced - in the note as finally approved - by an appeal

Previous Papers:—

1079

x 20663 1 658 1000 5/16

THIBET & MONGOLIA.

CONFIDENTIAL.

P
2774

1916

[May 29.]

SECTION 1.

[94325]

No. 1.

Sir Edward Grey to Sir G. Buchanan.

(No. 127.)

Sir,

Foreign Office, May 29, 1916.

I HAVE received your Excellency's despatch No. 88 of the 18th June last, transmitting a copy of the note in which the Russian Minister for Foreign Affairs communicated to you the text of the tripartite agreement signed at Kiakhia on the 7th June by the delegates of Russia, China, and Mongolia, for the regulation of the affairs of outer Mongolia; and I request that your Excellency will return a reply in the following sense to the Russian note of the 9th June:—

"His Majesty's Government thank the Imperial Government for their courtesy in communicating the agreement in question, and note with pleasure the facilities which have therein been secured for trade carried on through Chinese merchants, irrespective of the place of manufacture of the goods dealt in. They observe, however, that, although Chinese merchants are freed by article 12 from frontier dues, their merchandise would nevertheless appear to be exposed to the levy of internal duties. Prior to 1912, for instance, a case of British-made cigarettes imported at Tien-tsin for Urga, after paying 5 per cent. *ad valorem* as import duty at Tien-tsin, paid there an additional half duty, and was given a certificate exempting it, whether in British or Chinese hands, from all inland charges whatsoever to its destination, including any that might otherwise have been levied by the taxing station at Urga. British goods were thus, like Russian goods, freed from all internal taxation. After Mongolia became autonomous the same procedure continued to be followed as regards the issue of transit passes; but the Mongol authorities now refuse to recognise the Chinese pass, and levy on such cigarettes on arrival at Urga a "destination tax" amounting to 10 per cent. *ad valorem*.

"His Majesty's Government gladly learn from M. Sazonof's note of the 9th June that, in the opinion of the Russian Government, the meaning of article 12 is that all foreign merchandise, imported into China by sea and having paid the Chinese customs and transit dues, will be able to enter Mongolia without further payment of dues. It appears to them, however, that such goods will not be "treated in Mongolia as in the other provinces of China" since, as pointed out above, they will apparently be called upon to pay internal dues, like the "destination tax," which not only may have the effect of customs duties, but would also involve a further discrimination in favour of goods imported over the northern land frontier in addition to the advantage the latter already enjoy by escaping the Chinese customs and transit dues.

"The agreement, moreover, contains no provision calculated to preserve the facilities, for many years enjoyed by British subjects, for themselves importing goods on the same terms as the most-favoured nation; nor is it clear whether the exemption from customs duty in Mongolia will, under the terms of article 12, apply to goods manufactured in British factories in China, as well as to goods imported into China by sea.

"In these circumstances, and in view both of the interpretation placed upon M. Sazonof's note of the 9th June, and of the views regarding the manufacturing rights of British subjects expressed in his Excellency's note of the 21st May, 1914, His Majesty's Government would be glad to receive the views of the Russian Government as to what steps can be taken to remedy the present position, involving as it does the payment of Chinese and Mongolian duties to the amount of 17½ per cent. *ad valorem* on British goods. As M. Sazonof is aware, it would be difficult for His Majesty's Government, in the absence of a diplomatic or consular representative at Urga, to open direct negotiations with the Mongolian Government, and Sir Edward Grey is therefore forced to appeal to the good offices of the Russian Government, which could, through the intervention of their representative at the Mongol capital, doubtless bring about some mitigation of the disadvantages to which, since the alteration of the status of outer Mongolia, British goods have been exposed."

In view of the somewhat controversial nature of this subject, I would leave it entirely to your Excellency's discretion to decide upon the favourable moment for presenting the above reply to the Minister for Foreign Affairs.

[2589 ff-1]



Copy to India
E. GREY.
13 JUL 1916

Register No.

1079

Put away with 1235

13

Minute Paper.

Secret Department.

Letter from Foreign Office

Dated 23 } March 1916.
Rec. 24 }

	Date.	Initials.	SUBJECT.
To			
Under Secretary.....	25 March	Atb	Mongolia. The Kiakhtha Treaty (Russo-Sino-Mongolian) of 7th June 1915: transfer of Kalzan-Urga-Kiakhtha Telegraph line, by agreement concluded in fulfilment of Art. 17 of the Treaty, to Mongolian Govt.
Secretary of State.....	27	J. W. H.	
Committee.....	28	at	
Under Secretary.....			
Secretary of State.....			

Copy to sent direct to India

" " India (for print) 13 April 1916.

FOR INFORMATION.

The text of the Kiakhtha Treaty is flagged on the file; the circumstances which led to its negotiation are explained in the Minute on P. 2127/15 (also flagged).

Urga is the capital & seat of Government of "Outer" (or autonomous) Mongolia. The line Kalzan-Urga-Kiakhtha traverses the whole length of "Outer" Mongolia from S. to N., Kalzan being on the Chinese, & Kiakhtha on the Russian, frontier.

Seen Pol. Com'ee.,
29 MAR 1916

Previous Papers:—

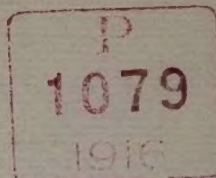
4707/15

In any further communication on this subject, please quote

No. 53158F/1916

and address—

The Under-Secretary of State
Foreign Office,
London.



W. 2744
Int. S. 15
(4707/15)

The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for India
_____ and, by direction of the Secretary
of State, transmits herewith copy of the under-mentioned
paper.

Foreign Office,

March 23, 1916.

Reference to previous correspondence:

Letter to _____
from Foreign Office:

Description of Inclosure.

Name and Date.	Subject.
Mr. Minister at Peking No. 59 February 23. 1916.	Kalgan-Urga-Kiakhta Telegraph Line



(Similar letter sent to Post Office)

1079
16

THIBET AND MONGOLIA.

[March 20.]

CONFIDENTIAL.

SECTION 1.

[53158]

No. 1.

Sir J. Jordan to Sir Edward Grey.—(Received March 20.)

(No. 59.)

Sir,

Peking, February 23, 1916.

WITH reference to my despatch No. 139 of the 9th June last enclosing copy of the Russian-Mongolian Treaty signed at Kiakta on the 7th of that month. I have the honour to report that, according to a statement which has appeared in the Russian press at Harbin, an agreement was signed at Urga on the 24th ultimo in fulfilment of article 17 of the treaty. Arrangements have now been completed for the transfer to the Mongolian Government of the Kalgan-Urga-Kiakta telegraph line, and the technical commission which drew up the agreement has settled the terminal points of the line and details regarding telegraph charges and their apportionment between the countries concerned.

(Copy to India and Petrograd.)

I have, &c.

J. N. JORDAN.

[2565 u—1]

Copy to India
13 APR 1916



Register No.

4707

Put away with

1235
13

Secret Department.

Letter from *FO*Dated 21 } December 1915.
Rec. 22 }

Formally acknowledged

	Date.	Initials.	SUBJECT.
To Under Secretary.....	¹⁹¹⁵ 31 Dec.	<i>at</i>	Mongolia
Secretary of State.....	1	<i>J. W. H.</i>	The Tripartite (Russo-Sino-Mongolian) Agreement concluded at Kiakhita, 7 th June 1915; its effect on British commercial interests. Revised draft of proposed communication to Russian Govt
Committee.....	3	<i>at</i>	
Under Secretary.....	5		
Secretary of State.....			

Copy to India (see within)

FOR USE BY DEPARTMENTS ONLY.

Off. to FO. offering no further observations

Approved Pol. Com'ee.,

5 JAN 1916

6 Jan. 1916. Letter to FO

Previous Papers:—

3453

MINUTE.

The points at issue are discussed in some detail in Sir J. Jordan's despatch of 8 Nov. 1915 (pp. 7-10 of present collection).

Prior to the Mongolian "declaration of independence" (1911) British sea-borne imports into Mongolia paid import & transit duties to the total amount of $7\frac{1}{2}\%$ ad valorem at the Chinese port of entry, & were thereafter free. Even so, they were at a considerable disadvantage in comparison with Russian goods which, if imported across the Russo-Mongolian frontier, paid nothing at all. But ^{now that} ~~since~~ Mongolia ^{is} ~~has been~~ "independent," she claims the right to impose taxation on her own account, in addition to the Chinese duties; and as Article 2 of the (Russo-Mongolian) Ulaa Gazar Convention of 3 Nov. 1912 expressly exempts Russian goods from all "duties, taxes" or other dues in Mongolia, the effect of any additional taxation must necessarily be still further to handicap British, as compared with Russian, trade.

The point with which the present correspondence is

is immediately concerned is whether Article 12
of the (Russo-Sino-Mongolian) Kiakhta Convention
of 7th June 1915* does or does not adequately
secure exemption for British merchandise, if im-
ported by Chinese merchants (as in fact it practically
always is), from Mongolian duties. The Russians
say yes; but Sir J. Jordan gives strong reasons
for taking the opposite view.

As has been explained at earlier stages of
the correspondence, the question has little practical
concern for India - there being little or no trade
between India & Mongolia. In our letter of
January 1915 we suggested action on the lines of
Sir J. Jordan's alternative no. (1) (p. 10), i.e. an
endeavour to secure rebate of Chinese duties on goods
destined for Mongolia. But the F.O. prefer to try
in the first to come to an arrangement with Mongolia
direct. There seems no reason why this Office
should offer any further comments.

To the Secretary, R. & S. Dept.

For any remarks

Alt
30/12/15

No remarks

31/12

Draft Paper.

Department.

Brook

S/t. 7.0.

6 JAN 1916

Sir,

With reference to your letter of the 21st Dec. 1915, No. 184793/7., regarding British commercial interests in Mongolia, I am directed by the S. of S. for I. to inform you that he has no further observations to offer on the subject of the proposed communication to the Russian Govt.

Approved Pol. Com'ee.,

5 JAN 1916

JWE

Mr.

CH
and

(sd) T. W. Holderness.

Copy to India

7 JAN 1916

In any further communication
on the subject, please quote

No. 184793/F/15

and address—

The Under-Secretary of State,
Foreign Office,
London.

4707

1915

3453

FOREIGN OFFICE

Copy to India
31 DEC 1915

December 21 1915.

Sir:-

With reference to the letter from this Department of September 20th. last, on the subject of the effect upon British commerce of the Tripartite Agreement signed at Kiakhta in June, I am directed by Secretary Sir E. Grey to transmit to you, for the information of Mr. Secretary Chamberlain, a copy of a despatch from His Majesty's Minister in Peking, who had been invited to express his views upon the draft instructions which it was proposed to address to His Majesty's Ambassador in Petrograd.

In consequence of Sir J. Jordan's observations, considerable modifications have been made in the draft instructions to Sir G. Buchanan, and I transmit herewith a draft of the new despatch which Sir E. Grey proposes, subject to the concurrence of the Secretary of State for India and of the Board of Trade to address to His Excellency.

A similar letter has been addressed to the Board of Trade and a copy has been sent to the Colonial Office.

I am,

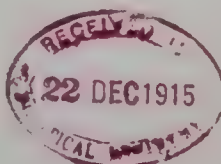
Sir,

Your most obedient,

humble Servant,

22 DEC 1915

The Under Secretary of State.
India Office.



*Despatches
issued = 2774/16*

December

3.

Sir J. Buchanan

Petrograd.

No.

Sir,

I have received Your Excellency's despatch No. 88 of June 18th last, transmitting a copy of the note in which the Russian Minister for Foreign Affairs communicated to you the text of the Tripartite Agreement, signed at Peking on June 7th by the delegates of Russia, China and Mongolia, for the regulation of the affairs of Outer Mongolia; and I request that Your Excellency will return a reply in the following sense to the Russian note of June 5th.

His Majesty's Government thank the Imperial Government for their courtesy in communicating the Agreement in question, and note with pleasure the facilities

which

3)

which have therein been secured for trade carried on through Chinese merchants, irrespective of the place of manufacture of the goods dealt in. They observe, however, that, although Chinese merchants are freed by article 12 from frontier dues, their merchandise would nevertheless appear to be exposed to the levy of internal dues, which not only may discriminate against particular classes of goods, but may also discriminate in favour of goods imported from particular countries. Prior to 1912 for instance, a case of British made cigarettes imported at Tientsin for Unga, after paying import duty (nominally 5%) at Tientsin paid there an additional half duty, and was given a certificate exempting it, whether in British or Chinese hands, from all inland charges whatsoever to its destination, including any that might otherwise have been levied by the taxing

Copy.

taxing station at Urga. British goods were thus, like Russian goods, free from all internal taxation. After Mongolia became autonomous the same procedure continued to be followed as regards the issue of transit passes; but the Mongol authorities now refuse to recognise the Chinese pass, and levy on such cigarettes on arrival at Urga a "destination tax" amounting to 10% ad valorem.

His Majesty's Government gladly learn from M. Sazonoff's note of June 9th that, in the opinion of the Russian Government, the meaning of article 12 is that all foreign merchandise, imported into China by sea and having paid the Chinese Customs and transit dues, will be able to enter Mongolia without further payment of dues. It appears to them however, that such goods will not be "treated in Mongolia as in the other provinces of China", since, as pointed out above, they will apparently be called upon to pay internal dues, like the "destination tax"

5
tax" - which not only may have the effect of Customs duties, but would also involve a further discrimination in favour of goods imported over the Northern land frontier, in addition to the advantage the latter already enjoy by escaping the Chinese Customs and transit dues.

The Agreement, moreover, contains no provision calculated to preserve the facilities, for many years enjoyed by British subjects, for themselves importing goods on the same terms as the most-favoured-nation; nor is it clear whether the exemption from Customs duty in Mongolia will, under the terms of article 12, apply to goods manufactured in British factories in China, as well as to goods imported into China by sea.

In these circumstances, and in view both of the interpretation placed upon M. Bazonoff's note of June 9th

and

and of the views regarding the most-favoured-nation rights of British subjects expressed in his Excellency's note of May 21st 1914, His Majesty's Government conclude that the Imperial Government have no objection to the negotiation of an agreement upon these points between the British and Mongolian Governments, power to negotiate such agreements being retained by the Mongolian Government under article 3 of the Kiakhta Agreement.

THIBET AND MONGOLIA.

[December 4.]

CONFIDENTIAL.

SECTION 2.

[184793]

No. 1.

Sir J. Jordan to Sir Edward Grey.—(Received December 4.)

(No. 298.)

Sir,

Peking, November 8, 1915.

I HAVE the honour to acknowledge the receipt of your despatch No. 237 of the 18th ultimo on the subject of the Tripartite Agreement concerning Outer Mongolia, in which you invite my observations as to the terms of the communication which it is proposed to make to the Russian Government.

While I entirely concur in the view that the Agreement, as it stands, is inadequate to safeguard British commercial interests in Outer Mongolia, it seems to me that it might be possible to indicate to the Russian Government more precisely the actual manner in which these interests have been adversely affected by the recent arrangements.

It is claimed in the draft note to Russia that British subjects have for many years enjoyed facilities for importing goods on the same terms as the most favoured nation. In theory this is doubtless true, but in practice British goods have always been at a fiscal disadvantage compared with Russian goods, owing to the fact that, while Russian goods enter Mongolia directly across the frontier, British goods are imported through China, and therefore, although free in the past from taxation in Mongolia, they have been subject to full import duty and transit dues at the port of entry in China. It was of no use in the past to claim from China the privilege of the most favoured nation, because the answer would have been that, on the one hand, all that this privilege would effect would be to allow British merchants to import across the Russian frontier on the same terms as Russian merchants—a valueless concession—and that, on the other hand, Russian goods imported through China proper were already subject to the same taxation as British goods. It appears to me that in the future, as in the past, we must submit to the initial fiscal disadvantage, which is due largely to geographical conditions, and that we should concentrate our attention on securing for British goods, once they have entered Outer Mongolia, equal treatment to that accorded to the goods of any other nations; that is to say, on maintaining for our goods in Mongolia the same relative position as regards taxation as they were in before the autonomy of the country was declared.

That this position has, by the action of Russia, been altered for the worse may be readily shown by a concrete example. Prior to 1912 a case of English-made cigarettes sent from Tien-tsin to Urga, after paying import duty (nominally 5 per cent.) at Tien-tsin, paid there an additional half-duty, and was given a certificate exempting it, whether in British or Chinese hands, from all inland charges whatsoever to its destination, including, it may be remarked, any charges that might otherwise have been levied by the taxing station referred to in the Russian Memorandum of the 21st May, 1914, as having been established at Urga in 1911. British goods were thus, in Mongolia, free, like Russian goods, from all internal taxation. After Mongolia became autonomous, the same procedure was followed, and is followed to this day, as regards the issue of transit pass, but the Mongol authorities, refusing to recognise the Chinese pass, now levy on the cigarettes, on arrival at Urga, a destination tax amounting to 10 per cent. *ad valorem*. Seeing that British goods under transit pass are, for the most part, conveyed by Chinese merchants, it would appear that this extra levy is expressly legitimised by the Tripartite Agreement, the only limit to the amount being, apparently, that it shall not exceed the taxation leviable on Mongol merchants. I find it difficult to understand how the Russian Government can interpret the clear words of the Tripartite Agreement as signifying "that foreign goods imported into China by sea, on which customs and transit duty has been paid on entering China, will be admitted into Mongolia without paying any further dues, so that they will be treated in Outer Mongolia exactly as in other provinces of China." It is true that, in "other provinces of China," illegal taxes are occasionally levied on transit pass goods, but in such cases we have the power, which we have not in Mongolia, of bringing effective diplomatic pressure to bear on the Government with a view to redress. Moreover, in other parts of China, such illegal taxes are at least

[2526 d—2]

4 FEB 1916

1 Anti-smuggling, 3/10/15

levied without discrimination in favour of the merchants of any nationality, whereas I understand from the correspondence that the Russian Government claims for Russian merchants immunity from the internal taxes levied on Mongol and Chinese merchants.

The very fact that the Chinese Government issues transit passes for Urga illustrates the anomalous position created by the declaration that Outer Mongolia remains part of the territory of China, but that China has no voice in its internal administration. In order to find a remedy for the differential taxation to which British goods are now subject, it would seem that we have two alternatives. Either we must ask China to treat Outer Mongolia as a foreign country, and consequently to agree to grant a drawback of import duty on goods imported into China and re-exported over the Chinese frontier; or we must ask the Mongolian Government to recognise the validity of Chinese transit passes in Outer Mongolia as part of China, and to forgo the levy of additional internal taxation on such goods. In either case the same difficulty presents itself, namely, that we have nothing to offer to China or to Mongolia in exchange for the sacrifice of revenue which we would demand. It is to the action of Russia that the change for the worse in our commercial position in Mongolia is due, and it seems to me that we are entitled to look to Russia alone to readjust that position.

I should perhaps mention that, owing to the stoppage of the Confidential print during the war, I have not seen the *aide-mémoire* of the 20th February last referred to in the Russian note of the 9th June.

I have, &c.

J. N. JORDAN.

12357/13
Put away with
[This Document is the Property of His Britannic Majesty's Government.]

P3453/15
THIBET AND MONGOLIA.

[September 11.]

CONFIDENTIAL.

SECTION 1.

[129549]

No. 1.

Board of Trade to Foreign Office.—(Received September 11.)

Sir,

Board of Trade, September 10, 1915.

WITH reference to your letter of the 23rd July and its enclosures, relative to the tripartite treaty signed by the Russian, Chinese, and Mongolian delegates at Khiakta on the 7th June and the commercial relations between the United Kingdom and Mongolia, I am directed by the Board of Trade to state that they concur generally in the action which Sir E. Grey proposes to take in the matter, as indicated in the 4th, 5th, 6th, and 7th paragraphs of your letter.

I am to add that, whilst the Board presume that exemptions from customs duty in Mongolia will, under the terms of article 12 of the treaty above referred to, apply to goods manufactured in British factories in China as well as to goods imported into China by sea, they are disposed to suggest that it might be well, in view of the terms of the Russian "interpretation" of the article in question which refers to "les marchandises étrangères importées en Chine par voie de mer," and does not refer to goods manufactured in China, that this point should be made clear in any communication that may eventually be addressed to the Russian Government.

I am, &c.

H. FOUNTAIN.

[2497 l—1]



Copy to
23 JAN 1916

Register No.

3455

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13

Minute Paper.

Secret Department.

Letter from G.O.

Dated 21 Sep. 1915.
Rec. 22

	Date.	Initials.	SUBJECT.
To			
Under Secretary.....			Mongolia
Secretary of State.....			
Committee.....			
Under Secretary....			
Secretary of State.....			

Copy to

Copy to India
24 SEP 1915

FOR INFORMATION.

Put by
J.S.
24/9/15

Previous Papers:—

In any further communication on this subject, please quote

No. 129549/1915

and address—

The Under-Secretary of State
Foreign Office,
London.

3453

India.

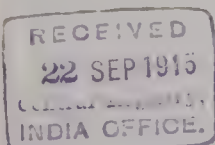
The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for India
and, by direction of the Secretary
of State, transmits herewith copies of the under-mentioned
papers

Foreign Office,


Sept 21. , 1915.

Reference to previous correspondence:

Letter ^{to} from Foreign Office: July 23



Description of Inclosure.

Name and Date.	Subject.
To Sir J. N. Jordan. no 237 Sept 18. Draft of despatch to To Sir G. Buchanan. Petrograd. Sept 18	Mongolian Tripartite Treaty. 

(Similar letter sent to Co, Prof T.

N. Y.

D. 237
128548/15)

POSTICE OFFICE,
September 18, 1911.

3453

Sir:-

(2747)

I have received your despatch No. 139 of June 9th last, as well as a despatch from His Majesty's Ambassador in Petrograd of which a copy is inclosed herewith, on the subject of the Tripartite Agreement, signed at Niakhta on June 7th, for the regulation of the affairs of Outer Mongolia.

I inclose herewith the draft of a despatch, instructing Sir C. Buchanan as to the terms in which he should reply to the Russian note of June 5th; and I request that you will offer any observations which may occur to you as to the terms of the proposed communication to the Russian Government.

I am, with great truth and regard,

Sir,

Your most obedient,

humble servant.

The Right Honourable

(Signed) W. Langley.

Sir J. Jordan, G.C.B.E., K.C.B.,

&c., &c., &c.,

1017.

Draft

RECEIVED OFFICE,
September ~~17~~, 1915.

Sir:-

(2744)

I have received Your Excellency's despatch No. 46 of June 16th last, transmitting a copy of the note in which the Russian Minister for Foreign Affairs communicated to you the text of the Tripartite Agreement signed at Peking on June 7th by the Delegates of Russia, China and Mongolia, for the regulation of the affairs of Outer Mongolia; and I request that Your Excellency will return a reply in the following sense to the Russian note of June 9th.

His Majesty's Government thank the Imperial Government for their courtesy in communicating the Agreement in question, and note with pleasure the facilities which have therein been secured for trade carried on through Chinese merchants, irrespective of

the

His Excellency

The Right Honourable

Sir G. Buchanan, G.C.B., G.C.M.G.,

Ac., Ac., Ac.,

the place of manufacture of the goods dealt in. They observe, however, that, although Chinese merchants are freed by article 12 from frontier dues, no safeguard has been provided to ensure that internal dues, to which their goods are still subject, should not be increased or altered in such a manner as to discriminate against particular classes of imports; nor does the agreement contain any provision calculated to preserve the facilities, for many years enjoyed by British subjects, for themselves importing goods on the same terms as the most favoured nation. It is nevertheless presumed that exemptions from Customs duty in Mongolia will, under the terms of article 12 apply to goods manufactured in British factories in China as well as to goods imported into China by sea.

In view, however, of the interpretation placed upon article 12 in Monsieur Bazanow's note of June 9th, and of the views regarding the most-favoured-nation rights of British subjects expressed in His Excellency's

note

note of May 21st 1914, His Majesty's Government conclude that the Imperial Government will have no objection to the negotiation of an agreement upon these points between the British and Mongolian Governments, power to negotiate such agreements being retained by the Mongolian Government under article 3 of the Kiakhta Agreement.

I am, with great truth and respect,

Sir,

Your Excellency's most obedient,

Humble Servant.

Register No.

27444

Put away with

1235

73

Secret Department.

Letter from

Fr.

Dated 23

Rec. 26

July

1915.

Formally acknowledged

	Date.	Initials.	SUBJECT.
Under Secretary.....	3 Aug	J.E.S.	Mongolia.
Secretary of State.....			The Tuhartite Agreement concluded at
Committee.....	4	J.W.H.	Kiakhta, 7 th June 1915 : effect on
Under Secretary.....	6	J.E.S.	British commercial interests, &c.
Secretary of State.....		J.W.H.	Proposed communication to Russian Govt.

Copy to India (of F.O. letter + memo.) } - 30 July 1915
 " (- letter to F.O.) } - 13 Aug 1915

FOR USE BY DEPARTMENTS ONLY.

8/11 to F.O. concurring in proposed communication
 to Russian Govt.

Ln. to I.O. 9th Aug 1915

Previous Papers:—

2234

MINUTE.

The following "table of contents" may facilitate reference to these papers: -

pp.

1-5 F. O. letter

6-8 Despatch from Sir J. Jordan

9-19 Text of Convention (Article XII is on p. 14)

20-21 Despatch from Sir G. Buchanan

22-23 Note from Russian Govt.

=

The commercial question, with which the F.O. letter deals, does not concern this Office at all closely, as there is understood to be little if any trade between India and Mongolia.

The line which the F.O. propose to take in replying to the Russian Govt (pp. 2-4) seems generally suitable. The British Note, to which the Russian

Note of 9th June 1915 (pp. 22-23) is a reply, was based

on Sir E. Grey's despatch of 5th Feb last (filed on the file below) which was sent after consultation with this Office. It seems unnecessary to

consult the G. of I. again: they agreed generally (telegram of 7th Aug. 1914) in the line taken in Sir

Sir E. Grey's despatch.

As regards the political aspect of the question
which mainly concerns us insofar as it
bears upon the question of Tibet— please
see minute on P. 2127/15 below.

Draft F.O.

C. ...
Sir,

9 Aug 1915

With reference to your letter of the 23rd July 1915, No. 88878, regarding British commercial interests in Mongolia, I am directed by the S. of S. for I. to inform you that he concurs in the terms of the communication which it is proposed, subject to the concurrence of the Board of Trade and of H.M.'s Minister at Peking, to address to the Russian Govt. in reply to M. Sazonow's Note of the 9th June 1915.

Copy to India
13 AUG 1915

Appd. Pol. Commee
6 Aug. 1915

SB
For Com. Ch.
(sd) T. W. Holderness.

Conf

Reference Paper.

Political and Secret
Department.

Letter No. 2744

Rec. 26th July 1915.

Referred to The Secretary, R.S. Dept. 19th day of July 1915.

For any remarks

A. H. H. H.

There is no objection, from the point of view
of the Revenue Dept., to the line of action
that the F.O. propose to take.

R. Turner
31.7.15

In any further communication
on the subject, please quote

No. 88878/15.

and address—
The Under-Secretary of State,
Foreign Office,
London.

FOREIGN OFFICE

July 23 1915.



Sir:-

*Copied to India
30 July 1915*

I am directed by Secretary Sir E. Grey to transmit to you herewith copies of Despatches from His Majesty's Ambassador at Petrograd and from His Majesty's Minister at Peking enclosing the Text of the Tripartite Treaty signed by the Russian, Chinese and Mongolian delegates at Kiakta on the 7th ultimo, and a Note verbale from the Russian Ministry for Foreign Affairs calling attention to Article XII of the Treaty and expressing the hope that its provisions will satisfy the desiderata expressed by His Majesty's Government in their Note of February 7th/20th last.

Sir E. Grey is of opinion that if the interpretation placed upon this Article by the Russian Government is correct, the requirements of His Majes-

ty's

The Under Secretary of State,
India Office.



88878/15.

Majesty's Government in respect to British goods imported into Mongolia by Chinese Merchants would be met, but he does not consider that the wording of the Article as it stands would necessarily have the effect expected by the Russian Government as the Mongolian Government would still be at liberty, should they desire to do so, to impose internal taxation in such a manner as to discriminate in practice against goods imported by Chinese merchants.

It further appears desirable that the most-favoured-nation rights of British subjects in respect to goods actually imported by them into Mongolia which have already been implicitly recognised by the Russian Government in their Note of May 8th/21st 1914 should be openly and definitely acknowledged by the Mongolian Government.

Sir E. Grey would therefore suggest for the consideration of the Secretary of State for India that

88878/15.

a reply should be sent to the Russian Government thanking them for their courtesy in communicating the text of the Treaty and stating that His Majesty's Government note with pleasure the facilities which have been granted by Article XII. to trade carried on by Chinese Merchants, which would fully satisfy their desiderata on this point if accorded by the Mongolian Government in the spirit of the interpretation placed upon the Article by the Russian Government.

It appears to His Majesty's Government, however, that it might be possible in the future for the Mongolian Government so to alter or increase the internal dues to which Chinese Merchants are still subject as to discriminate in practice against British and other goods imported by them, and they are anxious to preserve for British subjects in person all the trading facilities, including exemption
from

from duties which they have enjoyed in the past.

His Majesty's Government conclude however, in view of the interpretation placed by the Russian Government on Article XII, and of the views on the subject of the most-favoured-nation rights of British subjects expressed in their note of May 8th/21st 1914 that they would have no objection to the conclusion under Article III of the present Agreement, of a convention between His Majesty's Government and the Mongolian Government which should safeguard these points.

Sir E. Grey would propose to obtain the opinion of His Majesty's Minister at Peking on this reply and on any amendments or modifications which may be suggested by Mr. Chamberlain before sending final instructions to Sir G. Buchanan.

A similar letter has been sent to the Board

of

88878/15.

5

of Trade.

I am,

Sir,

Your most obedient,

humble Servant,

W. D. Anderson

THIBET AND MONGOLIA.

[July 3.]

CONFIDENTIAL.

SECTION 1.

[88878]

No. 1.

Sir J. Jordan to Sir Edward Grey.—(Received July 3.)

(No. 139. Very Confidential.)

Peking, June 9, 1915.

Sir,

I HAVE the honour to transmit to you herewith the accompanying copies of a treaty, signed at Kiakta on the 7th instant, between the representatives of Russia, China, and Mongolia, whose meeting was reported in my despatch No. 318 of the 2nd September last.

The treaty may be regarded as confirming the Russo-Chinese declaration and exchange of notes of the 23rd October, 1913. Mongolia becomes, in fact, an autonomous State under the suzerainty of China, debarred from contracting political engagements with foreign Powers, but theoretically free from interference in her internal affairs by either of her more powerful neighbours. She is even given the definite right of making commercial and industrial agreements with Powers other than the signatories of the present treaty, but it will be noted that article 21 affirms that the Urga protocol is still in force. The far-reaching nature of this instrument was pointed out in my despatch No. 11 of the 8th January, 1913, and I do not doubt that, when the Russians have leisure to take full advantage of its provisions, the commercial freedom and immunity from outside interference granted by the present treaty will lose much of their apparent value. A further method of extending some measure of control over internal affairs is afforded by the articles of the treaty, which provide for the appointment of Russian and Chinese representatives at Urga and elsewhere, and for the establishment of military escorts for their protection.

It will be observed that, with regard to the judicial procedure in mixed civil and criminal cases, the principle is adopted that the authorities of the defendant take jurisdiction, that the sentences passed are those recognised by the law of the defendant's country, and that his own authorities are responsible for the execution of that sentence. Extensive powers are, however, reserved to the authorities of the plaintiff, who enjoy the right to attend the trial and, in the case of suits between Russians and Chinese, to examine both witnesses and documentary evidence.

The boundaries of the autonomous State are, as in the exchange of notes of October 1913, loosely defined, formal delimitation of the frontier being left to a commission which will be representative of the three signatories to the treaty.

(Copy to India and Petrograd.)

I have, &c.

J. N. JORDAN.

Enclosure in No. 1.

Treaty signed at Kiakta, June 7, 1915.

SA Majesté Impériale l'Empereur de toutes les Russies, le Président de la République chinoise et Sa Sainteté Bogdo Djembzoun Damba Khoutoukhtou Khan de la Mongolie extérieure, animés du désir sincère de régler d'un commun accord les différentes questions créées par le nouvel état de choses dans la Mongolie extérieure, ont nommé à cet effet leurs délégués plénipotentiaires, à savoir :

Sa Majesté Impériale l'Empereur de toutes les Russies : son Conseiller d'État actuel A. Müller, agent diplomatique et consul général en Mongolie ;

Le Président de la République chinoise : le Général Pi Koué-fang et M. Tcheng Loh, Envoyé extraordinaire et Ministre plénipotentiaire de Chine au Mexique ; et

Sa Sainteté Bogdo Djembzoun Damba Khoutoukhtou Khan de la Mongolie extérieure : Erdéni Chjononpeisé Chirnine Damdina, Adjoint de la Justice ; et Touchetou-khan, Chef des Finances ;

[2451 c-1]

Conv to India

1 OCT 1915

10 Lesquels, ayant vérifié leurs pleins pouvoirs, trouvés en bonne et due forme, se sont entendus de ce qui suit :

ARTICLE 1^{er}.

La Mongolie extérieure reconnaît la déclaration russo-chinoise et les notes échangées entre la Russie et la Chine le 23 octobre, 1913 (5^e jour, 11^e mois, de la 2^e année de la République chinoise).

ARTICLE 2.

La Mongolie extérieure reconnaît la suzeraineté de la Chine. La Russie et la Chine reconnaissent l'autonomie de la Mongolie extérieure faisant partie du territoire chinois.

ARTICLE 3.

La Mongolie autonome n'a pas le droit de conclure avec des Puissances étrangères des traités internationaux concernant les questions politiques et territoriales. Quant aux questions d'ordre politique et territorial concernant la Mongolie extérieure, le Gouvernement chinois s'engage de se conformer aux termes de l'article 2 des notes échangées entre la Russie et la Chine le 23 octobre, 1913.

ARTICLE 4.

11 Le titre Bogdo Djembzoun Damba Khoutoukhthou Khan de la Mongolie extérieure est conféré par le Président de la République chinoise, dont le calendrier sera employé dans les pièces officielles, ainsi que le calendrier mongol aux signes cycliques.

ARTICLE 5.

La Russie et la Chine, conformément aux articles 2 et 3 de la déclaration russo-chinoise du 23 octobre, 1913 (du 5^e jour du 11^e mois de la 2^e année de la République chinoise), reconnaissent le droit exclusif du Gouvernement autonome de la Mongolie extérieure de pourvoir à toutes les affaires de son administration intérieure et de conclure avec des Puissances étrangères des traités et des accords internationaux concernant toutes les questions d'ordre commercial et industriel touchant à la Mongolie autonome.

ARTICLE 6.

Conformément au même article 3 de la déclaration, la Russie et la Chine s'engagent à ne pas intervenir dans le régime de l'administration intérieure autonome existant dans la Mongolie extérieure.

ARTICLE 7.

12 L'escorte militaire auprès du dignitaire chinois à Ourga, prévue par l'article 3 de la déclaration susmentionnée, ne dépassera pas 200 hommes. Les escortes militaires auprès de ses assistants à Ouliassoutai, à Kobdo et à Kiakhta-Mongole ne dépasseront pas 50 hommes chacune. En cas de nomination d'assistants du dignitaire chinois dans d'autres localités de la Mongolie extérieure, par accord avec le Gouvernement autonome de la Mongolie extérieure, leurs escortes militaires ne dépasseront pas 50 hommes chacune.

ARTICLE 8.

Le Gouvernement Impérial de Russie n'entretiendra pas auprès de son représentant à Ourga plus de 150 hommes de garde consulaire. Les escortes militaires auprès des consulats or vice-consulats Impériaux de Russie qui sont déjà établis ou qui seront établis par accord avec le Gouvernement autonome de la Mongolie extérieure dans d'autres localités de la Mongolie extérieure ne dépasseront pas 50 hommes chacune.

ARTICLE 9.

A toutes les occasions solennelles ou officielles la première place d'honneur sera due au dignitaire chinois. Il a le droit de se présenter, en cas de nécessité, en

audience privée à Sa Sainteté Bogdo Djembzoun Damba Khoutoukhtou Khan de la Mongolie extérieure.

Du même droit d'audience privée jouira le représentant Impérial de Russie.

ARTICLE 10.

Le dignitaire chinois à Ourga et ses assistants dans les différentes localités de la Mongolie extérieure, prévues par l'article 7 de cet accord, exerceront le contrôle général à ce que les actes du Gouvernement autonome de la Mongolie extérieure et de ses autorités subordonnées n'affectent pas les droits suzerains et les intérêts de la Chine et de ses sujets dans la Mongolie autonome. 13

ARTICLE 11.

Conformément à l'article 4 des notes échangées entre la Russie et la Chine le 23 octobre, 1913 (le 5^e jour du 11^e mois de la 2^e année de la République chinoise), le territoire de la Mongolie extérieure autonome comprend les régions qui ont été sous la juridiction de l'amban chinois d'Ourga, du général tartare d'Ouliassoutai et de l'amban chinois de Kobdo, et touche aux confins de la Chine par les limites des khochoues des quatre aimaks de Khalkha et du district de Kobdo, limitrophes du district de Houloun-bouir à l'est, de la Mongolie intérieure au sud, de la province de Sinkiang au sud-ouest et du district de l'Altai à l'ouest. La délimitation formelle entre la Chine et la Mongolie extérieure autonome sera effectuée par une commission spéciale de délégués de la Russie, de la Chine et de la Mongolie extérieure autonome, qui se mettra aux travaux de délimitation dans un délai de deux ans du jour de la signature du présent accord. 14

ARTICLE 12.

Il est entendu que des droits de douanes ne sont pas établis pour les marchandises, de quelque provenance qu'elles soient importées par les marchands chinois dans la Mongolie extérieure autonome. Néanmoins, les marchands chinois payeront toutes les taxes de commerce intérieures qui sont établies dans la Mongolie extérieure autonome et qui pourront y être établies dans l'avenir, payables par les Mongols de la Mongolie extérieure autonome. De même, les marchands de la Mongolie extérieure autonome important toute espèce de marchandises de provenance locale dans la Chine intérieure payeront toutes les taxes de commerce qui sont établies dans la Chine intérieure et pourront y être établies dans l'avenir payables par les marchands chinois. Les marchandises de provenance étrangère importées du côté de la Mongolie extérieure autonome dans la Chine intérieure seront frappées des droits de douanes stipulés par le règlement pour le commerce par voie de terre de 1881 (de la septième année du règne Kuanghsui). 15

ARTICLE 13.

Les procès civils et criminels survenant entre les sujets chinois résidant dans la Mongolie extérieure autonome seront examinés et jugés par les dignitaires chinois à Ourga et par ses assistants dans les autres localités de la Mongolie extérieure autonome.

ARTICLE 14.

Les procès civils et criminels survenant entre les Mongols de la Mongolie extérieure autonome et les sujets chinois résidant dans ce pays seront examinés et jugés conjointement par le dignitaire chinois à Ourga et ses assistants dans les autres localités de la Mongolie extérieure autonome. Si le défendeur ou l'accusé est sujet chinois et que le demandeur ou l'accusateur est Mongol de la Mongolie extérieure autonome, l'examen et la décision conjoints de la cause auront lieu chez le dignitaire chinois à Ourga et ses assistants dans les autres localités de la Mongolie extérieure. Si le défendeur ou l'accusé est Mongol de la Mongolie extérieure autonome et que le demandeur ou l'accusateur est sujet chinois, la cause sera examinée et jugée de la même manière au yamen mongol. Les coupables seront punis aux termes de 16

leurs propres lois. Les parties intéressées sont libres d'arranger leurs litiges à l'amiable au moyen d'arbitres choisis parmi eux.

ARTICLE 15.

17 Les procès civils et criminels survenant dans la Mongolie extérieure autonome entre les sujets russes et chinois seront examinés et jugés de la manière suivante : Dans les procès où le demandeur ou l'accusateur est sujet russe et le défendeur ou l'accusé est sujet chinois, le consul russe prend part à la séance judiciaire personnellement ou par son délégué, jouissant des mêmes droits que le dignitaire chinois à Ourga, ou son délégué ou ses assistants dans les autres localités de la Mongolie extérieure autonome. Le consul russe ou son délégué procède dans la salle de séance à l'audition du demandeur et des témoins russes et interroge par l'intermédiaire du dignitaire chinois à Ourga ou de son délégué ou de ses assistants dans les autres localités de la Mongolie extérieure autonome le défendeur et les témoins chinois; le consul russe ou son délégué examine les preuves présentées, exige la caution des revendications et il court à l'avis des experts s'il juge l'expertise nécessaire pour éclaircir les droits des parties, &c. ; il prend part à la décision et à l'élaboration de la sentence, qu'il signe avec le dignitaire chinois à Ourga ou son délégué ou ses assistants dans les autres localités de la Mongolie extérieure autonome; l'exécution de la sentence forme le devoir des autorités chinoises. Le dignitaire chinois à Ourga et ses assistants dans les autres localités de la Mongolie extérieure autonome peuvent de même personnellement ou par leurs délégués assister dans les consulats de Russie à l'audition des procès où le défendeur ou l'accusé est sujet russe et le demandeur ou l'accusateur est sujet chinois; l'exécution de la sentence forme le devoir des autorités russes.

ARTICLE 16.

18 Vu qu'une partie de la ligne télégraphique Kiakhta-Ourga-Kalgan se trouve sur le territoire de la Mongolie extérieure autonome, il est entendu que ladite partie de cette ligne télégraphique forme la propriété entière du Gouvernement autonome de la Mongolie extérieure.

ARTICLE 17.

Les détails concernant l'établissement aux confins de ce pays et de la Mongolie intérieure d'un bureau de transmission de télégrammes par des employés chinois et mongols ainsi que les questions du tarif des télégrammes transmis, de la distribution des recettes, &c., seront examinés et réglés par une commission spéciale des délégués techniques de la Russie, de la Chine et de la Mongolie extérieure autonome.

ARTICLE 18.

Les institutions de la poste chinoise à Ourga et à Kiakhta-Mongole restent en vigueur conformément aux bases antérieures.

ARTICLE 19.

19 Le Gouvernement autonome de la Mongolie extérieure mettra à la disposition du dignitaire chinois à Ourga et de ses assistants à Ouliassoutai, Kobdo et à Kiakhta-Mongole, ainsi que de leur personnel subalterne, les domiciles nécessaires, qui formeront la propriété entière du Gouvernement de la République chinoise. De même, des territoires nécessaires à proximité des résidences desdits personnels seront concédés pour leurs escortes.

ARTICLE 20.

Le dignitaire chinois à Ourga et ses assistants dans les autres localités de la Mongolie extérieure autonome, ainsi que leur personnel subalterne, jouiront du droit de se servir des stations de postes du Gouvernement autonome conformément aux stipulations de l'article 11 du protocole commercial russo-mongol du 21 octobre 1912.

ARTICLE 21.

Les stipulations de la déclaration russo-chinoise et des notes échangées entre la Russie et la Chine le 23 octobre, 1913 (le 5^e jour du 11^e mois de la 2^e année de la République chinoise), ainsi que celles du protocole commercial russo-mongol du 21 octobre, 1912, restent en pleine vigueur.

ARTICLE 22.

Le présent accord, dressé en trois exemplaires en langues russe, chinoise, mongole et française, entre en vigueur le jour de sa signature. Des quatre textes, dûment confrontés et trouvés concordants, le texte français fera foi pour l'interprétation du présent accord.

THIBET AND MONGOLIA.

CONFIDENTIAL.

[July 1.]

SECTION 1.

No. 1.

[87721]

Sir G. Buchanan to Sir Edward Grey.—(Received July 1.)

(No. 88. Confidential.)

Sir,

Petrograd, June 18, 1915.

WITH reference to my telegram No. 833 of the 12th instant, I have the honour to transmit to you herewith copy of a *note verbale* dated the 27th May (9th June), 1915, which I have received from the Imperial Ministry of Foreign Affairs, enclosing copies of a tripartite agreement signed at Kyakhta on the 25th May (o.s.), 1915, by the Russian, Chinese, and Mongolian delegates.

The note from the Russian Government, as you will observe, calls attention to the fact that article 12 of the tripartite agreement stipulates that no customs duties shall be levied on goods imported from China into Outer Mongolia, and that Chinese merchants will only have to pay the internal commercial dues established in Outer Mongolia and payable by Mongol merchants. The Russian Government interprets this stipulation as signifying that foreign goods imported into China by sea, on which customs and transit duty has been paid on entering China, will be admitted into Mongolia without paying any further dues, so that they will be treated in Outer Mongolia exactly as in other provinces of China.

The Russian Government trust, therefore, that the provisions of the article referred to will give satisfaction to the desiderata of His Majesty's Government, as expressed in your despatch No. 21 of the 5th February last.

I have, &c.

GEORGE W. BUCHANAN.

Enclosure in No. 1.

Note verbale.

(Confidentielle.)

LE Ministre des Affaires Étrangères de Russie a l'honneur de communiquer ci-inclus à son Excellence M. l'Ambassadeur de la Grande-Bretagne le texte d'un accord à trois qui a été signé le 25 mai, 1915, à Kiakhta, par les délégués russe, chinois et mongols.* Cet accord devant prochainement être publié, M. Sazonof serait reconnaissant à son Excellence Sir George Buchanan de bien vouloir considérer jusque-là la présente communication comme confidentielle.

L'article 12 de cet accord stipule qu'il n'y aura pas de douanes sur la frontière de la Mongolie autonome et de la Chine propre : les marchands chinois n'auront à payer que les taxes intérieures établies en Mongolie ; ils seront sous ce rapport traités sur un pied d'égalité avec les marchands mongols. Le Gouvernement russe interprète cette stipulation dans les sens que les marchandises étrangères importées en Chine par voie de mer et ayant acquitté les tarifs de douane et de transit pourront comme auparavant pénétrer en Mongolie sans être frappées d'autres taxes, c'est-à-dire que ces marchandises seront traitées en Mongolie tout comme dans les autres provinces de la Chine.

Le Gouvernement russe aime à croire, par conséquent, que les dispositions de l'article 12 en question donnent satisfaction aux désirs du Gouvernement anglais formulés dans l'aide-mémoire de l'Ambassade britannique du 7 (20) février, année courante.

Pétrograde, le 27 mai (9 juin), 1915.

• Not printed.

[2451 a—1]

Copy to India

1 JUL 1915

Register No.

Put away with.....

1235

13

Minute Paper.

2234

Secret Department.

Letter from F.O.,

Dated

16

June 1915

Rec.

17

6 Augt.

	Date.	Initials.	SUBJECT.
Under Secretary.....	21 June	UW	Mongolia. The tripartite agreement concluded at Kiakhtha : British commercial interests.
Secretary of State.....	22	J. W. H.	
Committee.....	22	RS	
Under Secretary.....			
Secretary of State.....			

Copy to

India - 18 June 1915
6 Augt. 1915.

FOR INFORMATION.

From the last paragraph of Sir G. Buchanan's telegram, it will seem that the wishes of H.M.'s Govt., as formulated in the F.O. despatch of 5 Feb. 1915 (flagged), have been met. Indian commercial interests in Mongolia are insignificant.

6 Augt. Tibet 15 June 1915, added.

Seen Pol. Com'ee.,
23 JUN 1915

Previous Papers:—

227

2744

2234

15

● TIBET AND MONGOLIA.

[June 19.]

CONFIDENTIAL.

SECTION 1.

[80931]

No. 1.

Sir G. Buchanan to Sir Edward Grey.—(Received June 19.)

(No. 874.)

(Telegraphic.)

Petrograd, June 19, 1915.

YOUR telegram No. 1179 of 15th June: Mongolia Tripartite Agreement.

Russian Government inform me that they learn from Russian Minister at Peking that text of agreement has been published by Chinese Government, and will therefore be known to His Majesty's Minister.

Russian Government are also about to publish it.

[2446 t—1]



Copy to India

6 AUG 1915

THIBET AND MONGOLIA.

2234
15

[June 21.]

CONFIDENTIAL.

SECTION 1.

[80931]

No. 1.

Sir Edward Grey to Sir J. Jordan.

(No. 98.)

(Telegraphic.)

Foreign Office, June 21, 1915.

YOUR telegram No. 143 of 7th June: Mongolia.

I understand from Russian Government that Chinese Government have published text of Russo-Chinese agreement. I should be glad of your observations on any articles which affect British interests or commercial policy.

[2446 x-1]



Copy to India
6 AUG 1915

In any further communication on this subject, please quote

No 77036 /1015

and address—

The Under-Secretary of State,
Foreign Office,
London.

2234

2127
2
14

The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for India

and, by direction of the Secretary
of State, transmits herewith copy of the under-mentioned
~~super.~~ telegrams.

Foreign Office,

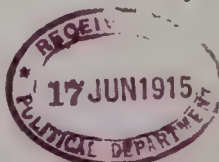
June 16, 1915.

Reference to previous correspondence:

Letter ~~to~~ from Foreign Office: June 9, 1915

Description of Inclosure.

Name and Date.	Subject.
Stm Ambassador at Petrograd No. 833 June 12. 1915.	Mongolia: Kiakhla Tripartite Agreement
To do. do. No. 1179 June 15. 1915	



(Similar letter sent to Board of Trade

CONFIDENTIAL

RUSSIA

Sir G. Buchanan to Sir Edward Grey.—(Received June 13, 10:50 A.M.)

Petrograd, June 12, 1915.

(June 12, 9 P.M.)

(No. 833.)

MY despatch No. 32.

Minister for Foreign Affairs has communicated to me confidentially text of tripartite agreement, signed at Kiatka by Russian, Chinese, and Mongolian delegates.

It is too long to telegraph, and I will send text by bag.

Article 5 recognises exclusive right of autonomous Government of Outer Mongolia to conclude with foreign Powers treaties and international agreements respecting commercial and industrial questions.

Article 12 states that no customs duties will be levied on the [China-Mongolia frontier, and that Chinese merchants will only have to pay international taxes leviable in Outer Mongolia. They will thus be placed on equal footing with Mongolian merchants.

In the note transmitting agreement it is stated that Russian Government interpret version of stipulation to mean that foreign goods imported by sea into China, and after paying customs and transit dues, will be able to enter Mongolia as before without being subject to other taxes, that is to say, they will be treated in Mongolia in exactly the same manner as in the other provinces of China. Russian Government therefore trust that provision of article 12 will meet wishes of His Majesty's Government.

[679-736]



[This Document is the Property of His Britannic Majesty's Government, and should be returned to the Foreign Office when done with unless required for official use.]

RUSSIA.

POLITICAL.

(77036/15).

Cypher Telegram to Sir G. Buchanan (Petrograd)

Foreign Office, June 15th. 1915. 6.50.p.m.

No. 1179.

Your telegram No. 833 (of June 12th).

Please thank Minister for Foreign Affairs for his communication and inform him that His Majesty's Government will reply as soon as they have received and considered full text.

Pray ask that the Russian Minister at Peking may be requested to communicate a copy of the agreement confidentially to His Majesty's Minister if he has not already done so.



Register No.

2127

Put away with 1235

13

Minute Paper.

Secret Department.

Letter from J.O.

Dated 9 } June 1915
Rec. 10 }

	Date.	Initials.	SUBJECT.
Under Secretary.....	11 June	MS	Mongolia The tripartite (Russo-Sino-Mongolian) negotiations at Kiakhtha : agreement reached.
Secretary of State.....	11	J. W. H.	
Committee.....	14	CC	
Under Secretary.....			
Secretary of State.....			

Copy to India - 11 June 1915

FOR INFORMATION.

AUTONOMY FOR OUTER
MONGOLIA.

(FROM OUR OWN CORRESPONDENT.)

PEKING, JUNE 8.

The Russian, Chinese, and Mongolian delegates, who have been negotiating at Kiakhtha, this morning signed an agreement relative to Outer Mongolia, containing 22 Articles and two Notes. One Note provides amnesty for political offenders, and the other concerns telegraph matters.

The agreement recognizes Chinese suzerainty over Outer Mongolia, which is declared to be part of Chinese territory, but provides for full autonomy therein and non-interference by China.

Owing to the implied recognition of the Chinese right to full control of Inner Mongolia the result of the negotiations is more satisfactory to China than at one time seemed probable.

Seen Pol. Com'ee,
23 JUN 1915

"Times", 9 June 1915

For the nature & scope of the negotiations at Kiakhtha (on the Russo-Mongolian border), which are now reported to have been brought to a successful conclusion, please

Previous Papers:—

4882

Please see Sir J. Jordan's despatch of 2nd Sept. 1914
and the departmental minute on P. 4687/14.

Briefly, the position is that in Oct. 1912 Russia
concluded an agreement direct with the Mon-
golian authorities at Urga (who had recently pro-
claimed themselves autonomous & independent of
the Chinese Govt) by which she obtained (or, in
some cases, merely reaffirmed) a number of commercial
& other privileges in Mongolia. This agreement
was confirmed by China in the joint Russo-Chinese
"Declaration" of Nov. 1913. The latter document,
however, reserved for certain points of detail (bound-
ary, &c.) for further discussion, in which Russian,
Chinese, & Mongolian representatives were to take
part. The discussion took the form of a conference
at Kiakhita, the result of which is now reported.
It is not clear from Sir J. Jordan's telegram whether
the new agreement is tripartite in form, or whether
it was signed by the Russian & Chinese delegates only.

It may be observed that Russia's special in-
terests are confined to "Outer" * Mongolia, of which
Urga

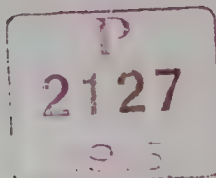
* i.e. more remote
from China.

MINUTE. (continued)

Urga is the capital. "Inner" Mongolia, which adjoins Manchuria, & is bounded on the S. by the Great Wall, is claimed by Japan as within the sphere of her special influence—a claim which found definite expression in the recent Sino-Japanese negotiations at Peking. The claims of the Urga Govt. to full "independence" have ~~not~~^{never} been recognized by Russia or any other Power; under the "Declaration" of Nov. 1913 Russia recognized Chinese "sovereignty" over Outer Mongolia, while China recognized the "autonomy" of the latter.

Immediate.

Confidential



Reference :- 70. letter of Nov. 28/14.

The Under-Secretary of State for Foreign Affairs
presents his compliments to the Under-Secretary of State for
India, and is directed by the Secretary of State to
transmit the accompanying copy of a telegram, as marked in
the margin.

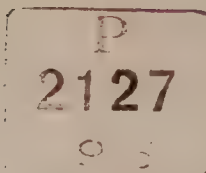
Peking
6.14.3 June 7

Foreign Office,

June 9, 1915.



CONFIDENTIAL.



CHINA

Sir J. Jordan to Sir Edward Grey.—(Received June 7, 10:30 P.M.)

(No. 143.)

(4882/14)

Peking, June 7, 1915.

(June 7, 8:10 P.M.)

MY despatch No. 352 of last year.

Russo-Chinese Treaty regarding Mongolia was signed, and is of a nature generally
favourable to Chinese.

N.S.



Register No.

949

~~PPACWAT~~ 122-13

Minute Paper.

Secret Department.

Letter from F.O.

Dated 8 March

1915

Rec. 9 March

	Date.	Initials.	SUBJECT.
Under Secretary.....	10 March	act	Mongolia British commercial interests
Secretary of State.....	12	J.W.	
Committee.....	12	E	
Under Secretary.....			
Secretary of State.....			

Copy to

L. Xia

12/3/15

in print 9/2/15

FOR INFORMATION.

Seen Pol. Com'ee.,
17 MAR 1915

Seen Pol. Com'ee.,
17 MAR 1915

Previous Papers:— 510

In any further communication on this subject, please quote

No. 24810

and address—

The Under-Secretary of State,
Foreign Office,
London.

949

The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for India
_____ and, by direction of the Secretary
of State, transmits herewith copy of the under-mentioned
paper.


Foreign Office,

March 8, 1915.

Reference to previous correspondence:

Letter ~~to~~ from Foreign Office: February 6, 1915

Description of Inclosure.

Name and Date.	Subject.
Am Ambassador at Petrograd No. 32 February 20, 1915.	Mongolia. 

(Similar letter sent to Board of Trade)

THIBET AND MONGOLIA.

949/15
[March 3.]

CONFIDENTIAL.

SECTION 1.

[24810]

No. 1.

Sir G. Buchanan to Sir Edward Grey.—(Received March 3.)

(No. 32).

Sir,

Petrograd, February 20, 1915.

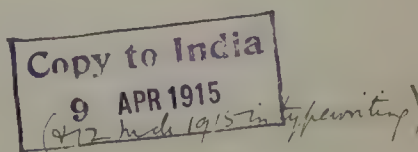
AS I saw no advantage in postponing the discussion on our commercial relations with Mongolia, I spoke to M. Sazonof this morning in the sense of your despatch No. 21 of the 5th instant, and left with his Excellency an *aide-mémoire* embodying its contents.

My arguments, I fear, made but little impression on M. Sazonof, and I failed to induce him to abandon his contention that the only way for us to secure freedom from duties for our goods is for us to send them to Mongolia by way of Russia, in order that they may enjoy the free entry accorded to goods imported over the Russo-Mongolian frontier. I repeated what I had said to his Excellency in previous conversations on this subject, and impressed on him the views held by His Majesty's Government with regard to article 12 of the Russo-Chinese Treaty of 1881; but I could not get his Excellency to say more than that he would examine the *aide-mémoire* which I had given him in a friendly spirit. The present, his Excellency added, was a favourable moment for a calm discussion of the question. //

I have, &c.

GEORGE W. BUCHANAN.

[2381 c—1]



Register No.

519

Put away with

1235

13

Minute Paper.

Secret Department.

Letter from J.O.

Dated 6 Feb

1915

Rec. 8 Feb

	Date.	Initials.	SUBJECT.
Under Secretary.....			<u>Mongolia</u> British commercial interests: text of instructions sent by F.O. to H.M.'s Ambassador at Petrograd.
Secretary of State.....			
Committee.....			
Under Secretary.....			
Secretary of State.....			

Copy to India

Copy to India

12 FEB 1915

+ 12 mch. a in print.

FOR INFORMATION.

Copy to India

= Put by

=

J.R.S.

8/2/15

Previous Papers:—

4969

In any further communication on this subject, please quote

No. 10160

and address—

The Under-Secretary of State,
Foreign Office,
London.

515

10160

The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for India
_____ and, by direction of the Secretary
of State, transmits herewith copy of the under-mentioned
paper.

Foreign Office,

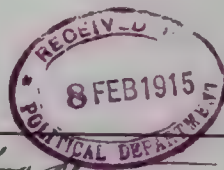
February 6, 1915

Reference to previous correspondence:

Letter to ~~from~~ Foreign Office: January 26, 1915 (P. 4969)

Description of Inclosure.

Name and Date.	Subject.
<p>to Hm. ambassador at Petrograd No. 21 February 5, 1915.</p>	<p>British Trade with Mongolia</p>



(Similar letter sent to Board of Trade)

THIBET AND MONGOLIA.

579
[February 5.]

CONFIDENTIAL.

SECTION 1.

[10160]

No. 1.

Sir Edward Grey to Sir G. Buchanan.

(No. 21.)

Foreign Office, February 5, 1915.

Sir,

THE Russian memorandum of the 8th (21st) May last, on the subject of the proposed commercial negotiations with Mongolia, enclosed in your Excellency's despatch No. 153 of the 22nd May, has been carefully considered in consultation with the Departments of His Majesty's Government concerned.

I leave it to your Excellency's discretion as to whether the present moment is opportune to continue the discussion of this question; and you may, if you see fit, defer the presentation of a reply until a more convenient opportunity.

Subject to this consideration, I should be glad if your Excellency would reply to the Russian Government's communication in the following sense:—

His Majesty's Government having carefully considered the Russian note, desire to bring the following considerations to the notice of the Russian Government:—

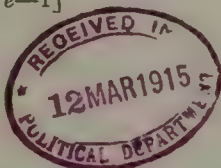
That as a consequence of the recent changes in Mongolia, the conditions on which British subjects can trade with that country have been altered for the worse, by the imposition of dues in Mongolia in addition to the ordinary transit and customs dues which have hitherto been paid on entering China, and His Majesty's Government consequently consider that they would be justified in negotiating with the Mongolian Government for the freedom of British goods from all duties in Mongolia, a privilege which they would, under the most-favoured-nation clauses of their treaties with China, have been entitled to claim as a right from the Chinese Government, had not clause 3 of the Russo-Chinese Agreement of the 23rd October, 1913, by granting commercial autonomy to Mongolia, rendered such a course impossible.

In demanding such treatment for British goods, His Majesty's Government contend that they would not, as suggested in the Russian Government's note, be endeavouring to obtain a privileged position, but would only be seeking to secure the same treatment for British goods as they had enjoyed before the recent changes, when British goods, on which customs and transit duty had been paid on entering China, and which were, in consequence, duly provided with transit passes, could be purchased by Chinese or other merchants in China, and forwarded to Mongolia without the payment of further dues of any nature, a treatment which could not be secured by any arrangement limiting the privilege of freedom from Mongolian duties to goods actually imported by British subjects, and which could only be obtained by extending freedom of trade to such goods of British origin as would be entitled to most-favoured-nation treatment in China proper.

Your Excellency should, in addition, repeat the opinion of His Majesty's Government that article 12 of the Russo-Chinese Treaty of 1881 did not confer on Russian goods exemption from any internal dues imposed in Mongolia upon the goods of any foreign country, and should point out, in connection with the Russian contention that the privileges accorded to Russian trade in Mongolia are merely the consequence of a frontier trade arrangement analogous to that existing between Great Britain and China with regard to the trade over the Burma-China frontier, that the trade over the Burma frontier merely obtains a reduction of three-tenths of the ordinary customs duties, and that this privilege is confined to goods crossing the frontier by certain specified routes only, while Russian trade with Mongolia is completely free from both external and internal dues, by whatever route, and apparently, over which-ever frontier, Russian goods may enter that country.

I am, &c.
E. GREY.

[2364 e—1]



Copy to India

12 MAR 1915

(+ 12 Feb. in G. printing)

4969

1235

13

Dated 19 Dec

Rev. 21 Dec

1914.

Formally acknowledged

	Date.	Initials.	SUBJECT.
Under Secretary.....	18 Jan.	118	
Secretary of State....	19	J.W.H.	<u>Mongolia.</u>
Committee.....	19	<u>E</u>	British Commercial interests in Mongolia:
Under Secretary.....			without further representations to Russian
Secretary of State....			Govt.

India (of ~~15th to 7th~~ ^{15th to 7th} ~~cent~~ ^{cent} with 7.0.)

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FOR USE BY DEPARTMENTS ONLY.

8/1 to 7.0. concurring in proposed representations, with comments

25 January - Approves Pol. Committee

26 Jan. Letter to F. (?)

42 2998 ek

MINUTE.

This question does not concern India so closely, since, so far as the Dept. is aware, there is no Indian trade with Mongolia; and, in so far as the matter turns on the interpretation of British treaty rights, the F.O. is better qualified to form an opinion than we are. We were interested at an earlier stage because of the interrelation between the Mongolian question & that of Tibet, & we were mainly concerned in seeing that nothing was done in regard to Mongolia which might prejudice the success of the Tibet negotiations then in progress. The Tibet question is at present in abeyance, & is likely to remain for some time; so that British commercial interests in Mongolia may ^{now} be considered ^{solely} on their merits.

The principal documents mentioned in the correspondence are flagged on the file below.

The G. of I. concur in the course proposed by the F.O. : see Viceroy's telegram of 7th Aug. 1914
= The R. & S. Dept. concur in the draft

8/1.70.

Sir,

26 January 1915

With reference to your letter of the 19th Dec. 1914, No. 81841, as to the proposed commercial negotiations with Mongolia, I am directed by the S. of S. for I. to inform you that he sees no objection to the Russian Govt being addressed in the sense of your letter of the 18th June last, No. 23259, if the S. of S. for F.A. is satisfied that the position which it is proposed to take up can be maintained with a reasonable prospect of success against Russian criticism.

In regard, however, to the passage in your letter of the 18th June which relates to trade on the Burma-China frontier, I am to suggest one slight alteration,

viz:-

Approved Political Committee
25 January 1915

Copy to India
29 Jan. 1915

Copy to India
20 JAN 1915

viz:- the omission of the word
"two" before the words "specified
routes." On this point reference
is invited to Article 9 of the
Peking Convention of the 4th Feb.
1897 (modifying the Anglo-Chinese
Convention of 12th March 1894) which
authorized the boundary commissioners
to add to the number of sanctioned
trade routes across the frontier.
It is understood that there are
3 such routes in actual use
at the present time.

In the event of further dif-
ficulties being made by the
Russian Govt, Sir S. Grey will
perhaps consider whether the
object desired, viz:- the removal of
the present unfair handicap on
^{as compared with Russian}
British Commerce, could not to
a

Approved Pol. Committee
25 January 1915

(sd) T. W. Holderness.

a large extent be secured by negotiation with the Chinese Govt. — as suggested in the Bd of Trade's letter to your Dept. of the 7th January & 7th July 1914 — for a rebate of duties levied in China on British goods destined for Mongolia. It appears to the Marquess of Crewe that H.M.'s Govt. wd. be on strong ground in pressing a claim of this nature upon the Chinese Govt., who, by Article 3 of the Russo-Chinese "Declaration" of the 5th Nov. 1913, have formally assented to the fiscal autonomy of Mongolia, and cannot therefore expect to derive the same benefit from the external trade of that country, as when it still formed, for fiscal purposes, an integral part of the Chinese Empire. DB W. H. 8/17 8/17

Confidential

Reference Paper.

Political and Secret
Department.

Letter No. 4969

Rec. 21st December 1914.

Referred to The Secretary, R.S. Dept. 6th day of January 1915.

For any remarks on the draft.

A. Hitzel

I concur in the draft

15/1 J. C. W. S. A. H.

In any further communication
on the subject, please quote

No. 81841/14.

and address—

The Under-Secretary of State,
Foreign Office,
London.

FOREIGN OFFICE

December 19 1914.

Sir:-

P
4969

1914

With reference to letter No. 30849 of July

(2898)
20th last from this Department containing copies of
correspondence with the Board of Trade respecting the
proposed commercial negotiations with Mongolia,

I am directed by Secretary Sir E. Grey to transmit
to you herewith a copy of a further letter from the
Board of Trade on the same subject.

Sir E. Grey is unable to concur in the view
expressed by the Board that the result desired by
this Department could be obtained by the draft
agreement proposed in their letter of November 27th
1913 (of which a copy is enclosed herewith for
convenience of reference) as the adoption of such
a course would restrict His Majesty's Government
to claiming Most-favoured-nation treatment in
Mongolia and this, even if secured, would, as pointed
out in the Russian Memorandum of May 8th (21st) 1914,

The Under Secretary of State,
India Office.



(of

(81841/14).

(of which a copy was enclosed in letter No. 23259 of June 18th last from this Department) only secure freedom from duties for goods actually imported into Mongolia by British Subjects which form merely a portion of the British goods actually imported, and would not restore the position enjoyed by British imports previous to the recent changes in Mongolia.

In view however of the statement in the last paragraph of the Board's letter Sir E. Grey would propose, subject to the concurrence of the Secretary of State for India to instruct His Majesty's Ambassador at Petrograd to address a communication to the Russian Government in the sense proposed in letter No. 23259 of June 18th last.

In view of the present circumstances Sir E. Grey would suggest that the choice of a suitable opportunity for issuing these instructions should be left for the decision of this Department.

I am, Sir,

Your most obedient,
humble Servant,

W. D. Angley

4969
H
TIBET AND MONGOLIA.

[December 12.]

CONFIDENTIAL.

SECTION 1.

[81841]

No. 1.

Board of Trade to Foreign Office.—(Received December 12.)

Sir,

Board of Trade, December 11, 1914.

I AM directed by the Board of Trade to refer to your letter of the 17th July regarding Mongolia, and to offer the following observations on the subject for Sir E. Grey's consideration.

As the Board understand your letter under reply, it is proposed to claim not merely most-favoured-nation treatment for British goods in Mongolia, as suggested in the letter addressed to you from this Department on the 7th July, but the right to negotiate with the Mongolian Government for the exemption from duty of all British goods on importation into Mongolia (whatever may have been the treatment accorded to them in their transit through China to that country).

It occurs to the Board that the existing divergence between the views of the two Departments may possibly arise from the equivocal position of Mongolia. For, if (a) it is claimed that British goods should be free from all duty in Mongolia, such a view would appear to presuppose a Mongolia which is still an integral part of China, and, as such, bound to admit without payment of duty goods which have already paid duty on entry into and transit through the Empire of which it is a part. If on the other hand (b) it is claimed that British goods on importation into Mongolia should be free from all duties not imposed equally on the goods of any other foreign country (including Russia), this seems to presuppose an autonomous Mongolia which is not concerned in the same manner with the treatment accorded to goods destined therefor whilst in transit through another foreign country.

It appears to the Board that the result desired to be attained by your Department would, under existing circumstances (i.e., so long as Russian goods are admitted into Mongolia free of duty), be attained equally by the draft agreement which accompanied the letter from this Department of the 27th November, 1913; but if Sir E. Grey is prepared to claim freedom from all duty for British goods in Mongolia instead of mere most-favoured-nation treatment the Board are not disposed to offer any objection to this course.

I am to express regret at the delay which has taken place in replying to your letter.

I am, &c.

H. LLEWELLYN SMITH.

[2314 m—1]



Copy to India

8 JAN 1915

THIBET AND MONGOLIA.

[November 28.]

CONFIDENTIAL.

SECTION 1.

[53836]

No. 1.

Board of Trade to Foreign Office.—(Received November 26.)

Sir,

Whitehall, November 27, 1913.

I AM directed by the Board of Trade to acknowledge the receipt of your letters of the 7th and 8th November, with their enclosures, relative to the Russo-Chinese Agreement respecting Mongolia and the Russo-Mongolian Agreement.

The Board concur with Sir E. Grey in thinking that, in the interest of British trade, it would be desirable for His Majesty's Chargé d'Affaires to be instructed to get into touch with the Mongolian Government with a view to concluding an arrangement for securing fair terms and the maintenance of the "open door" for British trade, and that the Russian Government should also be informed that His Majesty's Government are prepared to receive favourably the Russo-Chinese Agreement and Russo-Mongolian Treaty and Protocol, provided that reasonable conditions can be secured for British subjects and their commerce.

As regards the form which any commercial arrangement with the Mongolian Government might take, the Board observe that the Russo-Mongolian Protocol, a translation of which accompanied your letter of the 9th January last, whilst giving no special privileges to Russian goods, secures to Russian subjects the right to import into Mongolia goods of any origin free of duty. It would, therefore, seem desirable to secure by the suggested arrangement the same privileges for British subjects and their goods as those enjoyed by the subjects of Russia, and also (in view of possible discrimination in the future) to include in the arrangement an undertaking that no import, transit, or other duties shall be imposed on the produce or manufactures of any part of His Majesty's territories which are not equally imposed on those of any other foreign countries.

The Board presume that, like that between Russia and Mongolia, the arrangement should be unilateral in character, and that if concluded on the lines suggested, *i.e.*, made applicable to all His Majesty's subjects and territories, there would be no reason for including any special clause respecting the colonies.

The Russo-Mongolian Treaty and Protocol were to come into force on the date of their signature, and contained no provisions either for ratification or termination, and the suggested arrangement as drafted conforms to those instruments in this respect. It is, however, for consideration whether some provision for ratification is not necessary.

I am to enclose herewith a draft of an arrangement on the lines indicated above, which, subject to Sir E. Grey's approval, might be transmitted to Mr. Alston.

I am, &c.

GEO. J. STANLEY.

Enclosure in No. 1.

Preamble.

ARTICLE I.

ALL the rights, privileges, immunities, and exemptions which are, or may be, accorded in Mongolia to the subjects of any foreign country or their goods, shall be accorded, equally and unconditionally, to the subjects of His Britannic Majesty and their goods.

[1946 ee—1]



ARTICLE II.

No import, transit, or other dues shall be imposed on the produce or manufactures of any part of His Britannic Majesty's territories which are not equally imposed on the produce or manufactures of any other foreign country.

ARTICLE III.

The present arrangement shall come into force from the date of its signature,
&c.

Register No.

Put away 1235

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13

Minute Paper.

4882

Secret Department.

J.O. Print

Dated

1914.

Rec. 10 Dec

	Date.	Initials.	SUBJECT.
Under Secretary.....	15 Dec.	W.A.	<u>Mongolia.</u> The tripartite (Russo-Chino-Mongolian) negotiations at Kiakhita : obstructive atti- tude of Chinese delegates.
Secretary of State.....	16	J.W. 4	
Committee.....			
Under Secretary			
Secretary of State.....			

Copy to India 11/12.

FOR INFORMATION.

"The opinion prevails that unless the
Chinese delegates change their ^{present} attitude
the negotiations will be broken off."

Previous Papers:—

4687 etc

4687

THIBET AND MONGOLIA.

1082

[November 9.]

CONFIDENTIAL.

SECTION 1.

[68930]

No. 1.

Sir J. Jordan to Sir Edward Grey — (Received November 9.)

(No. 352.)

Sir,

Peking, October 9, 1914.

I HAVE the honour to transmit to you herewith, in continuation of my despatch No. 318 of the 2nd ultimo, a telegram which appeared in the "Peking Gazette" of the 3rd ultimo, regarding the progress of the Kiakhtha Conference.

I am informed by the Russian Minister that the telegram gives an accurate account of what passed at the first meetings.

I have, &c.

J. N. JORDAN.

Enclosure in No. 1.

Extract from the "Peking Gazette," October 3, 1914.

THE KIAKHTA CONFERENCE: CONFLICTING DEMANDS.

THE work of the Tripartite Conference hitherto appears to have been resultless. Six meetings have already been held during which the Chinese delegates—instead of discussing the subject of the conference (the delimitation of the boundaries of outer Mongolia and the status of Chinese in outer Mongolia and of Mongols in inner Mongolia)—began discussions on matters of minor importance, such as the future title of the Hutuktu and the adoption of the Chinese calendar by the Mongols. At to-day's meeting the Chinese delegates presented a written declaration which asked the Mongolian Government officially to recognise the Russian-Chinese agreement concerning Mongolia. The declaration also contained the Chinese delegates' views concerning the terms suzerainty of China and autonomy of Mongolia, according to which Mongolia should revert to her status prior to the Urga Convention and the Russo-Chinese Agreement. The declaration went on to say that the Mongolian Government should make no dispositions without asking the permission of the Chinese Government through the Chinese Amban in Urga. The Mongolian Princes and the Hutuktu should receive their allowances from China and the ancient ceremony of audience to them should be restored. The system of official correspondence should be conducted according to Chinese forms. The terms "Mongolian Government," "Mongolian States," and "Mongolian Minister" should be abolished. The conclusion of treaties concerning Mongolia should be the exclusive right of the Chinese Government. All diplomatic affairs should be carried on through Chinese officials. In the event of disorders China should have the right to send troops to outer Mongolia. Military instructors might be invited to serve in Mongolia only with the special permission of the Chinese Government, &c.

The Mongolian delegates also presented a written declaration in which they agreed to recognise the Russo-Chinese Agreement. The Mongol declaration added the Mongols understood the term "suzerainty over Mongolia" to represent only the deprivation of their right to conclude political and territorial agreements.

As the two points of view were so contradictory, the meeting was closed in order to give the delegates an opportunity to reconsider the question. Another meeting will be held on the 7th October, but the opinion prevails that unless the Chinese delegates change their present attitude the negotiations will be broken off.

Kiakhta, September 30, 1914.

[2295 i—1]

Copy to India
11 DEC 1914



and: no will
take O. 9. 11. 14
Bring up on 1 Jan 1915
J.F.
26/11/14

Nov. 26th, 1914.

Dear Shuckburgh.

Your letter of yesterday -
Mongolia.

We stirred up the B. of F.
some time ago and on
receipt of our letter they
telephoned to say that
consideration of the question
had been postponed owing
to the war, but that

They would let us have
a reply to our original
communication as soon as
possible. Do you want
us to stir them up
again?

Yours sincerely

J.N. McBlair.

Register No.

4687

Put 2155

1235

13

Minute Paper.

Secret Department.

Letter from I.O.

Dated 28 Nov

1914

Rec. 30 Nov.

	Date.	Initials.	SUBJECT.
Under Secretary..... / Sec.		AM	
Secretary of State.....	2	G. W. H. F	Mongolia
Committee.....	2	E.	
Under Secretary.....			
Secretary of State.....			

Forthcoming tripartite negotiations between Russia, China & Mongolian: Chinese delegates leave Peking for Kiakhita to take part.

Copy to India

Copy to India

1411 DEC 1914

FOR INFORMATION.

The Russo-Chinese "Declaration" of the 5th Nov. 1913 (by which the Chinese in effect accepted the arrangements made by Russia direct with Mongolia) contained the following article:-

"5. Les questions qui ont trait aux intérêts
 " de la Russie ~~pour~~ et de la Chine dans
 " la Mongolie Extérieure et qui sont créées
 " par le nouvel état de choses dans ce
 " pays seront l'objet de pourparlers ult-
 " érieurs"

Separate Notes, formally recorded in the
 "Declaration" provided that these pour-
parlers

Seen Pol. Com'ee.,

9 DEC 1914

Previous Papers:—

2897.

parlers "auront lieu entre les trois parties intéressées
"qui à cet effet désigneront un lieu pour la réunion
"de leurs délégués"; also that "en ce qui concerne
"les questions d'ordre politique et territorial touchant
"à la Mongolie Extérieure, le Gouvernement chinois se
"mettra d'accord avec la Russie par des négociations
"auxquelles les autorités de la Mongolie Extérieure
"prendront part."

It will be noted that Sir J. Jordan anticipated
difficulties on the question of boundary, which is
the point on which our tripartite negotiations
in India broke down.

In any further communication on this subject, please quote

No.

66130

and address—

The Under-Secretary of State,
Foreign Office,
London.

11/28/17

It will be interesting
to see the result of
this successful tour in
here 11/28/17

11/28/17

The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for India

_____ and, by direction of the Secretary
of State, transmits herewith copy of the under-mentioned
paper.

Foreign Office,

November 28, 1914.

Reference to previous letter:

Description of Inclosure.

Name and Date.	Subject.
H. M. Minister at Peking No. 318 September 2, 1914.	Mongolia.



(Similar letter sent to)

4687
14
THIBET AND MONGOLIA.

[November 2.]

CONFIDENTIAL.

SECTION 1.

[66130]

No. 1.

Sir J. Jordan to Sir Edward Grey.—(Received November 2.)

(No. 318.)

Sir,

Peking, September 2, 1911.

WITH reference to my despatch No. 223 of the 5th June last, I have the honour to report that the Chinese delegates for the Tripartite Conference left Peking on the 29th August, accompanied by eight secretaries and four interpreters. The two delegates are Messrs. Pi Kuei Fang and Chen Lu. The former has been professor of Chinese at Petrograd, consul-general at Vladivostok, and has more recently acted as Tutu of Heilungkiang. The latter, who speaks French well, is Minister designate for Mexico, and is considered in Chinese circles as the abler man of the two. The Russian Government will be represented, I understand, by Mr. Miller, who has been consul at several places in Persia, and also at Liverpool. Mr. Miller succeeded M. Korostovetz as diplomatic agent at Urga. Mr. Brunnert, assistant Chinese Secretary at the Russian Legation, has left to join his staff. The Mongolian Government have deputed to the conference the Premier, Prince San-noin, together with the Ministers for Foreign Affairs and the Interior, as well as other notables. The former Minister of the Interior, the ta lama or prior of Mongolia, died suddenly on a journey to Kobdo in July last. He was regarded as among the ablest of Mongolian councillors and developed strongly anti-Russian views.

The Russo-Chinese Agreement of the 5th November, 1913, was regarded with strong suspicion by the Mongolian Government, and they at first refused to participate in a Tripartite Conference. In July, however, they consented to send their delegates to meet the Russian and Chinese representatives at Kiakhia on the 9th September of this year. The scope of the conference will, it is said, embrace the adjustment of the boundary between Inner and Outer Mongolia, the regulation of the commercial situation and the questions of railways and telegraphs in Mongolia. The most important of these points is undoubtedly that of the boundary, and it is not unlikely that a deadlock may ensue on this difficult problem of giving satisfactory geographical and political definitions for the two zones. /m

It is reported that the Russians and Chinese have come to a general understanding that, while the predominance of the former in Outer Mongolia is admitted, the latter will be allowed a free hand in Inner Mongolia without interference from Russia. The Mongol Government is, however, dissatisfied with the limited area of autonomous Mongolia, and wish to include those provinces of Inner Mongolia which joined in the revolt against China. Delegates from these provinces are at Urga pressing their demand for autonomy, and the situation is complicated by the fact that these delegates represent a comparatively small minority, the large majority of the inhabitants in these parts being not unfavourable to the Chinese and Chinese domination.

I have, &c.

J. N. JORDAN.

[2295 b—1]

Copy to India

11 DEC 1914



Oct. 28th, 1914.

Dear Shuckburgh,

Your letter to Nugent
of the 26th. Commercial
Interest in Mongolia.

B. of T. have not
yet replied, but we are
stirring them up.

Yours sincerely

J. N. M. Bland.

W. H. Hall

Answer to 20 May,
I think, he deferred till
we know what B. is
off to 20 June. I think
I have what B. is 7 to
send us to 20.

W. H.

17/8

Await further
comm. (from B. 7.7 or 7.0)
17/8/49

Register No.

3114

File

1235

Secret Department.

13

Telegram
Letter from Victory

Dated 7 } August 1914.
Rec. 8 }

Letter from H.O. 17-18-20 Nov.
Formally acknowledged

	Date.	Initials.	SUBJECT.
Under Secretary.....			<u>Mongolia</u>
Secretary of State.....			
Committee.....			
Under Secretary.....			
Secretary of State.....			

Copy to
India, 20 Nov.

FOR USE BY DEPARTMENTS ONLY.

Previous Papers:—

2898

2374

3114
14
THIBET AND MONGOLIA.

[July 17.]

CONFIDENTIAL.

SECTION 2.

[33063]

No. 1.

Memorandum communicated by German Embassy.—(Received July 17.)

(Translation.)

ACCORDING to reports which have been received by the Imperial Government, a special Mongolian import duty of 5 per cent. *ad valorem*, recently increased to 10 per cent., has for some time past been levied on non-Russian goods in Mongolia. Representations made by the Imperial Government to the Chinese Government in the matter have led to no result, the latter contending that they are not at present in a position to enforce their authority in Mongolia.

According to information which has reached the Imperial Government, two English firms, the British-American Tobacco Company (Limited) and Price's Candle Company, have addressed complaints against this duty to the British Legation at Peking; the question is said to have been referred to London.

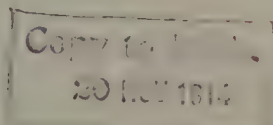
The Imperial Government would be interested to learn what attitude is adopted by the British Government towards the complaint of the two English firms.

The Imperial Government regard the levy of import duties in Mongolia as unjustifiable. In their opinion, Mongolia still forms an integral part of the Chinese Empire and customs territory. The Russo-Chinese Agreement respecting Mongolia of the 5th November last has not been communicated officially to the Imperial Government either by Russia or China, and consequently cannot yet be reckoned as a factor in determining the international relations between Mongolia and China. And even if this agreement were regarded as in force, Outer Mongolia must be held to be an integral part of the Chinese Empire in the light of the notes exchanged simultaneously with the signature of the above-mentioned agreement. The commercial treaties concluded with China, which contain no provision for special Mongolian import duties, therefore, continue to regulate trade intercourse with Mongolia.

The Imperial Government would be glad to learn whether, if needs be, the British Government would be prepared to make joint or simultaneous representations to the Russian Government in the matter.

London, July 17, 1914.

[2200 r—2]

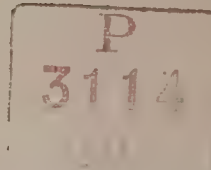


COPY OF TELEGRAM.

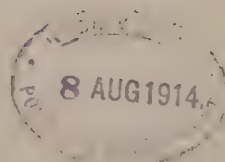
FROM Viceroy +

DATED 7 August 1914

RECEIVED AT LONDON OFFICE 6.17 p.m.

2897
2374

Foreign Secret. Your telegram of July 6th. Commercial
situation in Mongolia. Govt of India concurs in
News P.O.



Register No.

PUBLISHED BY

1235

13

Minute Paper.

2897-8

Secret Department.

Dated 18.20

Rec. 20.23

July, 1914.

2 letters from F.O. 28145
30849

	Date.	Initials.	SUBJECT.
Under Secretary.....	25 July	Att	<u>Mongolia</u>
* Secretary of State....	27	T.W.H	British Commercial interests.
Committee.....	28	E.	Proposal to station a Consul at Urga.
Under Secretary.....			
Secretary of State.....			

Copy to

India

Copy to India

24 JUL 1914

+ 31 - (print)
+ 30 out - (a)
+ 28 in - (a)

FOR INFORMATION.

On 23rd May F.O. said they proposed to take no action as to a British Consul at Urga ~~there~~ in view of the negotiations proceeding between H.M.S. & Russia about Tibet; ^{we concerned} from oral enquiry it is understood that the ^{first} letter to B. of I. of 17th July does not mean that any immediate action is contemplated.

On the general question of charges on British trade we await the opinions of the G. of I., & in view of the last para. of the second letter to B. of I. of 17th July, a reminder has been sent. But it does not appear that we have any special interest in the matter.

Seen Pol. Comtee.,
28 JUL 1914

Previous Papers:—

2374

2023
etc

Reference Paper.

Secret

Political and Secret
Department.

Letter No.

2897-8

Rec.

191 .

Referred to Secretary, R. & S. Dep't

24th day of

July

1914 .

for information or any remarks

Attest

Seen & no objections

24/7 F. C. Drake

India.

In any further communication on this subject, please quote

No.

28145

and address—

The Under-Secretary of State,
Foreign Office,
London.

2897

1914

The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for India
_____ and, by direction of the Secretary
of State, transmits herewith copies of the under-mentioned
papers.

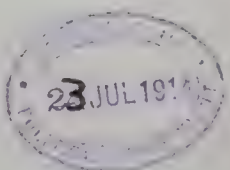
Foreign Office,

July 18, 1914

Reference to previous correspondence:

Letter to
from Foreign Office:

Description of Inclosure.

Name and Date.	Subject.
Chinese Minister (comm'd by) July 16, 1914. H.M. Minister at Peking No. 223 June 5, 1914. To Board of Trade, July 14, 1914.	Mongolia: British Consul for Urga. 

(Similar letter sent to

TIBET AND MONGOLIA.

CONFIDENTIAL.

2897/14
[June 16.]

SECTION 3.

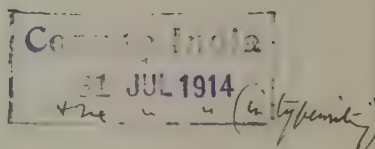
[27306]

No. 1.

Translation of Telegram from the Wai-chiao Pu, dated June 12.—(Communicated by the Chinese Minister, June 16, 1914.)

FOREIGN legations in Peking have received a communication from Outer Mongolia styling herself an independent country, and requesting them to send representatives to negotiate treaties with her. We hear that the Ministers in Peking have already communicated this Mongolian request to their respective Governments. You are hereby requested to draw the attention of the British Foreign Office to the various documents passed between the Chinese and Russian Governments declaring and acknowledging the suzerainty of China over Outer Mongolia. Outer Mongolia being a part of the dominion of China has certainly no right to receive and send representatives to negotiate treaties directly with foreign Governments.

[2173 q—3]



THIBET AND MONGOLIA.

[June 23.]

CONFIDENTIAL.

SECTION 3.

[28145]

No. 1.

Sir J. Jordan to Sir Edward Grey.—(Received June 23.)

(No. 223.)

Sir,

Peking, June 5, 1914.

I HAVE the honour to transmit herewith a cover to your address, which was handed to me by Mr. Larson, the adviser on Mongol affairs to the Chinese Government. Mr. Larson at the same time handed me a communication from the Imperial Mongolian Government, copy of which, in translation, is likewise enclosed. This document states that Mongolia is an independent State, no longer under the Government of China, and intimates a desire to enter into treaties of commerce with Great Britain and other Powers similar to the treaty recently concluded between Russia and Mongolia. The Mongolian Government have, I understand, addressed an identic letter to the Ministers of the United States, Germany, and France. M. Grave, the Russian Chargé d'Affaires, with whom I have had some conversation on the subject, admits that the Mongol action is the outcome of their dissatisfaction with the position they acquired under the agreements with Russia, and he considers that they have some reason for their disappointment. According to him, the agreement with China of the 5th November last was no sooner signed than China began to undermine the Russian position by making counter offers of an attractive nature to the Mongols which she was not in a position to make effective; and the situation was further complicated by the abortive attempts of the Government at Urga to contract loans with Russian and other European adventurers. The result now is that the Mongols refuse to take part in the tripartite conference which was to have been held at Kiakta, and which was expected to regulate, amongst other things, the commercial situation in Mongolia.

Our trade with Outer Mongolia seems to be inconsiderable at present, but such as it is it has been placed at a distinct disadvantage by the Russian agreements. Under the Chinese régime British goods could reach Urga or any part of Mongolia on payment of $7\frac{1}{2}$ per cent. to China, but under present conditions they are obliged to pay a further exaction of from 5 per cent. to 10 per cent. to the Mongols. The Chinese taxation is fixed by treaty, and though it might be argued that goods destined for Outer Mongolia are merely passing through China in transit, the Chinese Government are most unlikely to agree to any modification of the treaty which would affect the principle that Mongolia is Chinese territory. In practice, too, it would be quite impossible with the existing means of communication to devise any arrangement for sending goods in bond through China to Outer Mongolia.

The only remedy for the present inequality of taxation seems to lie in inducing the Mongols to forgo their levy of *li-kin* and other charges, and this is likely to present considerable difficulties, seeing that the prospect of raising revenue was to them one of the attractions of commercial autonomy.

If our negotiations with Russia fail to produce a solution, the best course, in my opinion, would be to do as we did in 1907 at Kashgar. We should appoint a consul to reside in Urga and trust to his influence to work out a solution, as Sir George Macartney has done in the New Dominion, where our trade now enjoys in practice all the privileges accorded to Russia by treaty. Neither Russia nor China could offer any reasonable objection to such a step. Russia by her own action has adversely affected our trade interests in Outer Mongolia, and we are entitled to protect them. China will probably not be displeased to see British and German consuls at Urga, as an offset to Russian influence, and may agree to this the more readily as the present Russian system, under which the diplomatic agent at Urga and the consuls in Outer Mongolia are entirely independent of the Russian Legation at Peking, savours too much of the recognition of Mongolian independence to be acceptable to the statesmen in Peking.

I have, &c.

J. N. JORDAN.

[2173 z-3]

Copy to India

30 OCT 1914

+ 24 July (in type setting)

RECEIVED
29 OCT 1914

Enclosure in No. 1.

Mongol Government to Sir J. Jordan.

Your Excellency,

Urga, April , 1914.

THE Imperial Mongolian Government beg to notify your Excellency that Mongolia, having declared herself an independent State, is no longer under the Government of China.

The Ruler of Mongolia is Djibson Dampa Llama, the Bogda or Hituktoo, residing in Urga, and being at the same time the head of the Buddhistic religion of this country.

Since declaring Mongolia independent, a commercial treaty, as your Excellency is doubtless aware, has been made with Russia.

It is now the earnest desire of the Mongolian Government to enter into similar treaties of commerce and friendship with other nations, and we therefore beg to request your Excellency to kindly send to Urga an authorised consul or other representative of your Excellency's Government to conclude similar treaties with the Government of Mongolia.

According to the treaty between the Russian and Mongolian Governments, we still retain the power to give to your Excellency's Government the same terms as we have extended to Russia.

The Mongolian Government has already twice addressed all Powers in this matter; being, however, without any reply, our Government does not know whether such communications have been received by your Excellency.

The Mongolian Government had the desire to send authorised representatives to all Powers, but since our officials are deficient in the knowledge of languages other than Mongolian or Chinese, this Government is unable to do so, and has to request your Excellency's Government to send representatives to Urga to discuss these various matters.

Requesting that your Excellency's answer be accompanied either by a Mongolian or Chinese translation, we beg to subscribe ourselves, &c.

THIBET AND MONGOLIA.

CONFIDENTIAL.

2897/14
[July 17.]

SECTION 1.

[28145]

No. 1.

Foreign Office to Board of Trade.

Sir,

Foreign Office, July 17, 1914.

I AM directed by Secretary Sir E. Grey to transmit to you herewith copies of a note from the Chinese Minister,* and of a despatch from His Majesty's Minister at Peking on the subject of Mongolia.†

Sir E. Grey would propose, subject to the concurrence of the Board of Trade, to adopt the following course:—

1. To inform the Russian Government that His Majesty's Government have received a request from the Mongolian Government that they should send a consul to Urga to negotiate a commercial treaty, and that His Majesty's Government intend to comply with this request and to inform the Chinese accordingly.

2. On receipt of a reply from the Russian Government to inform the Chinese Government of the action contemplated assuring them at the same time that the duties of this official will be of a purely consular and commercial character.

I am, &c.

W. LANGLEY.

* Chinese Minister, June 16, 1914.

† Sir J. Jordan (No. 228), June 5, 1914.

[2200 r—1]



Copy to Board
20 Nov 1914
+ no file in typewriting.

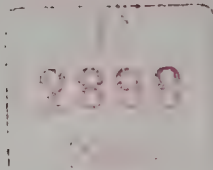
India.

In any further communication on this subject, please quote

No. 30849

and address—

The Under-Secretary of State,
Foreign Office,
London.



The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for *India*
_____ and, by direction of the Secretary
of State, transmits herewith copies of the under-mentioned
papers.

Foreign Office,

July 20, 1914.

Reference to previous correspondence:

Letter to ~~him~~ Foreign Office: *July 8, 1914 (P.)*.

Description of Inclosure.

Name and Date.	Subject.
<i>Board of Trade</i> <i>July 7, 1914</i>	<i>Mongolia: British Trade with</i>
<i>To do do.</i> <i>July 17, 1914.</i>	



(Similar letter sent to

THIBET AND MONGOLIA.

CONFIDENTIAL.

2898/14
[July 8.]

SECTION 4.

[30849]

No. 1.

Board of Trade to Foreign Office.—(Received July 8.)

Sir,

Board of Trade, July 7, 1914.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 18th June, with enclosures, respecting the proposed conclusion of a commercial agreement with regard to British trade with Mongolia.

The Board agree with the general tenour of the reply which Sir Edward Grey proposes to address to the Russian Government, subject to the following criticism:—

The agreement in favour of preserving to British trade the same rights as it enjoyed when Mongolia was an integral part of the Chinese Empire seems to the Board to presuppose that the demand put forward by His Majesty's Government is that British goods should in all circumstances be free of duty on importation into Mongolia. The draft agreement, however, framed in this Department, required that they should receive full most-favoured-nation treatment; in other words, that they should be free of duty only so long as Russian or other foreign goods were admitted free. The distinction is no doubt one of little practical importance at the present time, but the Board are disposed to suggest that it is one which cannot well be overlooked altogether in any communication which may be made to the Russian Government. Moreover, should it at some time prove possible to conclude an arrangement with China, such as that contemplated in the Board's letter of the 7th January last, for the refund of Chinese import duties paid (or deposited) on British goods which have passed in transit through China to Mongolia, the situation might arise in which British goods would enter Mongolia on more favourable terms than when Mongolia formed part of China.

It appears to the Board that the British case may be stated somewhat as follows:—

The argument that the Russians have always claimed and enjoyed the right to special treatment for their goods on importation over land frontiers into China, and that the arrangement by which their goods have been free of duty on importation into Mongolia is only an instance of that description, may possibly have been justified so long as Mongolia remained an integral part of China. No objection appears, in fact, to have been offered by His Majesty's Government to the arrangements so long as the status of Mongolia remained unchanged. If Mongolia is still to be regarded as an integral part of China, it is perhaps reasonable that Russian goods should continue to enjoy these privileges, but in that event there is no ground for the imposition of any customs barrier whatever between China and Mongolia. If, however, it is to be regarded as an autonomous State, and as having consequently ceased to be an integral part of China, the right of Russian goods to enjoy special customs treatment on the land frontiers of China, or of British goods to enjoy similar treatment on the Sino-Burmese frontier, does not appear to afford any ground for the application of a similar principle to Mongolia, in which State, therefore, it is only reasonable that British goods and subjects should be entitled to enjoy equality of treatment with those of Russia or any other nation.

I am to add that the Board concur in Sir E. Grey's proposal to support Sir G. Buchanan's contention that article 12 of the Russo-Chinese Treaty of 1881 does not confer on Russian goods exemption from any internal dues imposed in Mongolia upon the goods of any foreign country.

I am, &c.

GEO. J. STANLEY.

[2200 h-4]

Copy to India
20 NOV 1914
T 24 Jul 1914 in type printing



THIBET AND MONGOLIA.

[July 17.]

CONFIDENTIAL.

SECTION 3.

[30849]

No. 1.

Foreign Office to Board of Trade.

Sir,

Foreign Office, July 17, 1914.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 7th instant relative to the proposed answer to the Russian note of the 22nd May last on the subject of Mongolia.

Sir E. Grey has carefully considered the modifications suggested by the Board of Trade and desires to offer the following observations in regard to them:—

If His Majesty's Government confine themselves to claiming most-favoured-nation treatment in autonomous Mongolia, freedom from dues will only be secured as is pointed out by the Russian note, for goods actually imported by British subjects, since by the Urga Protocol this privilege is only extended to Russian subjects and not to all goods of Russian origin. Consequently, any attempt based upon the right of His Majesty's Government to claim most-favoured-nation treatment in Mongolia alone will only benefit such British goods as are actually imported by British subjects, and will leave the larger class of goods which is imported by British subjects into China, and there purchased by Chinese merchants, for importation into Manchuria without redress.

Sir E. Grey would, therefore, be glad to have the opinion of the Board as to the necessity for claiming not merely most-favoured-nation treatment, but the right to negotiate with the Mongolian Government for the freedom from duty of all British goods which would have been entitled to most-favoured-nation treatment under the commercial treaties with China if the duties now imposed by the Mongolian Government had been imposed by the Chinese Government before the status of Mongolia was altered by the intervention of Russia.

Such a claim, if it is not to be open to repetition of the reply that His Majesty's Government are claiming a privileged position, can only be based upon the arguments suggested in the letter from this Department of the 18th instant.

With reference to the argument advanced in the third paragraph of your letter, Sir E. Grey desires to point out that, even if complete freedom from dues levied in Mongolia is obtained for British goods, they will still be subject to the Chinese customs and transit dues, and will, to this extent, be handicapped in competing with Russian goods which are imported directly from their country of origin, and any reduction of the Chinese duties which may eventually be obtained will only tend to place them more nearly on an equality with Russian goods and would not in any sense give them a privileged position.

While it is true that this would enable them to enter Mongolia on more favourable terms than when Mongolia formed part of China, Sir E. Grey does not consider that, for the reasons given in the previous paragraph, the Russian Government could equitably raise any objection, especially as it would always have been open to His Majesty's Government, had the *status quo* remained undisturbed, to have endeavoured to take advantage of any revision of the Chinese tariffs to secure a reduction of duty on goods in transit to Mongolia, without the matter concerning any Power save themselves and China, except in so far as their commercial treaties entitled third Powers to claim most-favoured-nation treatment for their goods when imported by the same route, a course which would still be open to them should they desire to adopt it.

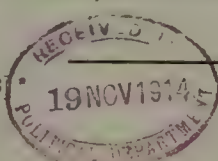
Sir E. Grey consequently would propose, unless the Board see any grave objection, and subject to the consideration of any modifications which may be suggested by the Government of India who have also been consulted in the matter, to return a reply to the Russian Government in the sense proposed in the previous letter from this Department.

In view of the action proposed in letter of to-day's date from this Department, it is desirable that this reply should be presented as soon as possible, and Sir E. Grey would consequently be glad to be furnished with any further observations which the Board may desire to make, at their earliest convenience.

I am, &c.

W. H. HANGLEY.

[2200 r-3]



20 NOV 1914
+24 July - in typewriting

DRAFT TELEGRAM.

SECRETARY OF STATE

TO

VICEROY, FOREIGN DEPARTMENT.

(Retamilla)

237 ~~Put away with~~ 1235/13
14

Despatched 24 July 1914.

[R]

2m

Foreign secret. My telegram 6th July.
Mongolia. Please ^{telegraph} reply as quickly as
possible.

Send

Att

24/7/14

Register No.

Put ~~in~~ *1235**13**2374*

Secret Department.

Letter from *F.O. 23259*Dated *18* } *June, 1914*
Rec. *19*

Formally acknowledged _____

	Date.	Initials.	SUBJECT.
Under Secretary.....	<i>2 July</i>	<i>J.S.</i>	<i>Mongolia</i> British Commercial interests in Mongolia: reply of Russian Govt to British demand for the "open door".
Secretary of State.....	<i>3</i>	<i>P.W.</i>	
Committee.....			
Under Secretary.....			
Secretary of State.....			

Send telegram: then to
Committee for information.*4. III. 14*Copy to *India* (of F.O. letter enclosure)*26 June 1914. + 17 July (Ref. 252)**F.O. (of telegram to Viceroy) sent 8 July 1914*

FOR USE BY DEPARTMENTS ONLY.

*Off. telegram to Viceroy asking for views**6 July - telegram to Viceroy*Seen Pol. Comtee.,
17 JUN 1914

Previous Papers:—

*2259**2023*

MINUTE.

Please see note by R.S. Dept. on the reference paper below. It seems desirable to obtain the views of the G. of I. at this stage. The delay involved ~~there~~ ought not to be serious, & there may even be some advantage in holding over the question for a while until the Tibet situation clears.

DRAFT TELEGRAM.

SECRETARY OF STATE

TO

VICEROY, FOREIGN DEPARTMENT.

(Retamilla)

Despatched 6 July 1914. +
(b) Jan

Foreign Secret. Commercial situation
in Mongolia. See papers sent by
mail of 26th June. Have you any
observations?

Confidential

Reference Paper.

Political and Secret
Department.

Letter No. 2374

Rec. 19th June 1914.

Referred to The Secretary, R.S. Dept. 26th day of June 1914.

For any observations.

The various treaties, &c., mentioned in the correspondence will be found at the bottom of the file.

At Home

(42/3352)
* By Mr Rose, published
Burma fol. - This is the
copy in the office, &
should be returned to
the Record Dept.)
Returned
23/7/14

The tariff on the Burma China frontier is described on page 2 of the attached memorandum^x. The last sentence of the F.O. letter is not precisely accurate, since the agreement of 1897 modifying the 1894 Convention provided for the application of the Convention to any other routes recommended by the Boundary Commrs. From para 1 of Mr Rose's memo it appears that there are now three recognised routes - Bhamo-Jengyueh (= Manuayue), Namakan-Lungling-Jengyueh (an additional route), & Myitkina Jengyueh (= Shensi). Further, do not the words "both external & internal" in the same sentence give away the contention maintained at the beginning of the paragraph?

I do not offer any remarks on the main question, with which this office seems to have little direct concern, from a commercial point of view.

F.C. Drake

30/6

COPY TO INDIA
26 June 1914

India.

In any further communication
on the subject, please quote

No. 23259/14.

and address—
The Under-Secretary of State,
Foreign Office,
London.

FOREIGN OFFICE

June /8 1914.

2374
1914

Sir:-

I am directed by Secretary Sir E. Grey to transmit
to you herewith a copy of a despatch from His
Majesty's Ambassador at St. Petersburg, enclosing the
reply of the Russian Government to his note of March
4th. last on the subject of the commercial situation
in Mongolia, (of which copies are enclosed herewith for
convenience of reference.)

Sir E. Grey would be glad of any observations
which the Secretary of State for India may desire to
offer on this communication, to which he would propose
to reply, subject to the concurrence of Lord Crewe,
that as a consequence of the recent changes in Mongolia
the conditions on which British subjects can trade with
that country have been altered for the worse, by the
imposition of dues in Mongolia in addition to the
ordinary transit and customs dues which had hitherto
been paid on entering China, and that His Majesty's
Government

The Under Secretary of State,
India Office.



*By Buchanan
No 153. May 24/14
no comment
to Begoff
Bureau No 538
Nov 9/13*

(23259/14)

Government consequently consider that they would be justified in negotiating with the Mongolian Government for the freedom of British goods from all duties in Mongolia, a privilege which they would, under the most favoured nation clauses of their treaties with China have been entitled to claim as a right from the Chinese Government, had not Clause 3 of the Russo-Chinese Agreement of October 23rd, 1913, (of which a copy is enclosed) by granting commercial autonomy to Mongolia, rendered such a course impossible.

He would propose to explain to the Russian Government that in demanding such treatment for British goods, His Majesty's Government would not, as alleged in the Russian Government's note, be endeavouring to obtain a privileged position, but would only be seeking to secure the same treatment for British goods as they had enjoyed before the recent changes, when British goods on which customs duty and transit duty had been paid on entering China and which were in consequence duly provided with transit passes could be purchased by Chinese or other merchants in China and forwarded to

Mongolia

Mongolia without the payment of further dues of any nature, a treatment which could not now be secured by any arrangement limiting the privilege of freedom from Mongolian duties to British subjects, and which could only be obtained by extending freedom of trade to such goods of British origin as would be entitled to most favoured nation treatment in China proper.

He would also propose to support Sir G. Buchanan's contention that Article 12 of the Russo-Chinese Treaty of 1881 did not confer on Russian goods exemption from any internal dues imposed in Mongolia upon the goods of any foreign country, and to point out in connexion with the Russian contention that the privileges accorded to Russian trade in Mongolia are merely the consequence of a frontier trade arrangement analogous to that existing between Great Britain and China with regard to the trade over the Burmah China frontier, that the trade across the Burmah frontier merely obtains a reduction of three-tenths of the ordinary Customs duties and that this privilege is confined to goods crossing the frontier by two specified routes only, while Russian trade with Mongolia is completely free

(23259/14)

free from both external and internal dues by whatever route, and apparently over whichever frontier Russian goods may enter Mongolia.

I am,

Sir,

Your most obedient,

humble Servant,

W. Ransley

THIBET AND MONGOLIA.

2374
14
[May 25.]

CONFIDENTIAL.

SECTION 3.

[23259]

No. 1.

Sir G. Buchanan to Sir Edward Grey.—(Received May 25.)

(No. 153.)

Sir,

St. Petersburg, May 22, 1914.

WITH reference to my despatch No. 61 of the 4th March last, I have the honour to enclose copy of an *aide-mémoire* which I have received from the Ministry for Foreign Affairs in reply to the representations which I was instructed to make by your despatch No. 72 of the 26th February last on the subject of the maintenance of the open door in Mongolia.

The *aide-mémoire* contends that the protocol concluded at Urga does but confirm the rights conferred on Russia, by the treaties with China of 1862 and 1881, to import goods free of duty into Mongolia over the land frontier, and refers to the special facilities accorded to British goods imported into China over the Burmese frontier. It asserts that foods imported by sea are liable to *li-kin* and other internal dues, from which goods imported over the Russian land frontier are exempt; that Russian goods imported into Mongolia by sea and over the Chinese frontier are subject to the same treatment as those of other countries; and that His Majesty's Government are claiming for their sea-borne commerce a preferential treatment which no other Power, not even Russia, enjoys, either in China proper or in the regions subjected to Chinese suzerainty.

In my conversations with M. Sazonof I have always contended that article 12 of the Russo-Chinese Treaty of 1881 does not confer on Russian goods imported into Mongolia over the land frontier exemption from any internal dues which the Mongolian Government may impose on the goods of any foreign country.

I have, &c.

GEORGE W. BUCHANAN.

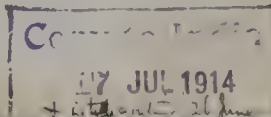
Enclosure in No. 1.

Memorandum communicated to Sir G. Buchanan.

DANS son aide-mémoire du 18 février (3 mars), année courante, l'Ambassadeur de la Grande-Bretagne a bien voulu prévenir le Ministère Impérial des Affaires Étrangères de l'intention de son Gouvernement d'entrer en négociations avec le Gouvernement mongol en vue d'obtenir l'engagement de ce dernier de ne frapper les marchandises de provenance anglaise importées en Mongolie d'aucun droit d'importation, de transit ou autres. L'Ambassadeur de la Grande-Bretagne a bien voulu citer une des clauses du protocole russo-mongol du 21 octobre, 1912, aux termes duquel les sujets russes ont le droit d'importer en Mongolie des marchandises, sans distinction de provenance, en franchise de droits, et il a émis l'avis que le même droit devrait être accordé aux marchandises anglaises en conformité du principe de la nation la plus favorisée.

Or, les sujets russes jouissent du droit susmentionné depuis le commencement des relations commerciales russes avec la Mongolie par voie de terre. Des stipulations à cet effet ont été introduites dans les traités russo-chinois de 1862 et de 1881, et le protocole conclu à Urga avec le Gouvernement mongol n'avait pour but que de confirmer l'état de choses déjà existant. Les autres Puissances limitrophes de la Chine et de ses possessions ont de même obtenu des facilités spéciales pour leur commerce avec ce pays par voie de terre, et notamment l'Angleterre pour le commerce sur la frontière de la Birmanie. Ces différents régimes établis pour le commerce des pays qui ont avec la Chine des frontières communes n'ont jamais été considérés contraires aux principes de la nation la plus favorisée qui régit le commerce avec la Chine par voie de mer. Ce dernier a toujours été frappé de droits de douane tant d'importation que de transit. A moins d'avoir rempli des formalités spéciales, les marchandises importées en Chine par mer doivent payer les taxes locales (*li-kin*) établies en Chine. Des bureaux pour la perception de cette taxe n'existaient d'abord que dans les dix-huit provinces de la Chine intérieure; plus tard, le Gouvernement

[2142 bb-3]



chinois en a établi dans ses possessions en dehors de la Grande Muraille. En 1911, c'est-à-dire avant la proclamation par la Mongolie de son autonomie, un pareil bureau a été créé à Urga. Aucune Puissance n'a protesté à cette époque contre cet acte, qui était reconnu de la compétence exclusive de l'Administration chinoise. Le Gouvernement mongol n'a donc fait qu'adopter pour le commerce le régime pratiqué en Chine et introduit en Mongolie par le Gouvernement chinois.

Dans ces conditions, le régime auquel le commerce russe en Mongolie est soumis en ce moment se résume à une franchise de droits exclusivement pour les marchandises importées par la frontière de terre russo-mongole; quant au commerce russe se dirigeant dans ce pays par mer et ensuite par la frontière sino-mongole, il est soumis au régime général, c'est-à-dire il paie les droits d'entrée dans les ports ouverts chinois et les taxes locales perçues par les bureaux chinois et mongols. C'est donc le même régime qui était en vigueur avant que la Mongolie devint un pays autonome. Le commerce russe est soumis en Mongolie aux mêmes conditions que celui des autres Puissances, à l'exception de l'importation par voie de terre qui se fait en effet dans des conditions spéciales, tout comme le commerce sur les autres frontières de terre de la Chine, ce qui s'explique par la situation géographique de la Russie limitrophe de la Chine.

Par contre, le Gouvernement anglais semblerait prétendre à une situation sans précédent pour le commerce avec la Mongolie. Il réclame notamment une franchise de droits d'entrée, de transit et autres non pas pour les marchandises importées par ses sujets, mais pour toutes les marchandises de provenance anglaise, ce qui est absolument contraire aux principes qui ont fait jusqu'ici la base des traités de commerce de la Chine. Il réclame pour son commerce par voie de mer un régime de faveur dont aucune Puissance, sans excepter la Russie, ne jouit ni dans la Chine propre, ni dans les régions soumises à la suzeraineté chinoise.

Le Ministère Impérial aime à espérer que le Gouvernement anglais voudra bien se contenter de la situation que ses traités avec le Gouvernement chinois créent pour son commerce et qu'il renoncera à l'idée de réclamer en Mongolie un traitement plus favorable que celui dont y jouit la Russie.

Saint-Petersbourg, le 8 (21) mai, 1914.

[B]

THIBET AND MONGOLIA.

[November 17.]

CONFIDENTIAL.

SECTION 1.

[52093]

No. 1.

Mr. O'Beirne to Sir Edward Grey.—(Received November 17.)

(No. 338. Confidential.)

Sir,

St. Petersburg, November 9, 1913.

I HAVE the honour to transmit to you herewith, with reference to my despatch No. 330 of the 30th ultimo, copy of the declaration signed at Peking on the 23rd October (5th November), 1913, by the Russian Minister at Peking and the Chinese Government respecting Mongolia.

In furnishing me with the text of this instrument, M. Nératof requested that it might be treated as confidential until it should be published.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 1.

Declaration.

M. KROUPENSKY, Ministre de Russie à Pékin, et M. Sun-pao-chi, Ministre des Affaires Étrangères de Chine, ont signé, le 23 octobre (5 novembre), 1913, à Pékin, une déclaration dont les clauses sont comme suit :

1. La Russie reconnaît la suzeraineté du Gouvernement chinois sur la Mongolie Extérieure.

2. La Chine reconnaît l'autonomie de la Mongolie Extérieure.

3. Reconnaissant le droit exclusif des Mongols eux-mêmes de pourvoir à l'administration intérieure de la Mongolie Extérieure autonome et de régler toutes les questions d'ordre commercial et industriel touchant à ce pays, la Chine s'engage à ne pas intervenir dans ces matières et, par conséquent, n'enverra pas de troupes dans la Mongolie Extérieure n'y entretiendra aucun fonctionnaire civil ou militaire et s'abstiendra de toute colonisation de ce pays. Il est, cependant, entendu qu'un dignitaire envoyé par le Gouvernement chinois pourra résider à Ourga accompagné du personnel subalterne nécessaire et d'une escorte. En outre, le Gouvernement chinois, en cas de besoin, pourra entretenir dans certaines localités de la Mongolie Extérieure, à définir au cours des pourparlers prévus à l'article 5 du présent accord, des agences pour la protection des intérêts de ses sujets.

La Russie, de son côté, s'engage à ne pas maintenir de troupes en Mongolie Extérieure à l'exception des gardes consulaires, à n'intervenir dans aucune partie de l'administration de ce pays et à s'abstenir de le coloniser.

4. La Chine se déclare prête à accepter les bons offices de la Russie pour établir ses relations avec la Mongolie Extérieure conformément aux principes ci-dessus énoncés et aux stipulations du Protocole commercial russo-mongol du 21 octobre, 1912.

5. Les questions qui ont trait aux intérêts de la Russie et de la Chine dans la Mongolie Extérieure et qui sont créées par le nouvel état de choses dans ce pays feront l'objet de pourparlers ultérieurs.

6. Un échange de notes séparées a eu lieu en même temps entre M. Kroupensky et M. Sun-pao-chi, qui contiennent les stipulations suivantes :

"La Russie reconnaît que le territoire de la Mongolie Extérieure fait partie du territoire de la Chine.

"La Mongolie Extérieure autonome comprendra les régions qui ont été sous la juridiction de l'Amban chinois d'Ourga, du Général tartare d'Ouliassoutai et de l'Amban chinois de Kobdo.

"Vu qu'il n'existe pas de cartes détaillées de la Mongolie et que les limites des divisions administratives de ce pays sont incertaines, il est convenu que les limites exactes de la Mongolie Extérieure, ainsi que la délimitation entre le district de Kobdo et le district de l'Altaï, feront l'objet des pourparlers ultérieurs prévus à l'article 5 de la déclaration.

"Il est entendu que les pourparlers prévus à l'article 5 de la déclaration auront lieu entre les trois parties intéressées, qui à cet effet désigneront un lieu pour la réunion de leurs délégués.

"En ce qui concerne les questions d'ordre politique et territorial touchant à la Mongolie Extérieure, le Gouvernement chinois se mettra d'accord avec la Russie par des négociations auxquelles les autorités de la Mongolie Extérieure prendront part."

Ces deux documents, devant être publiés prochainement par les parties contractantes, le Ministère Impérial des Affaires Étrangères a l'honneur de prier l'Ambassade d'Angleterre de considérer sa présente communication comme confidentielle.

Saint-Petersbourg, le 26 octobre (8 novembre), 1913.

THIBET AND MONGOLIA.

[March 9.]

CONFIDENTIAL.

SECTION 2.

[10334]

No. 1.

Sir G. Buchanan to Sir Edward Grey.—(Received March 9.)

(No. 61.)

Sir,

St. Petersburg, March 4, 1914.

IN accordance with the instructions conveyed to me in your despatch No. 72 of the 26th ultimo, I spoke to M. Sazonof again yesterday on the subject of the open door in Outer Mongolia, and, at his request, left with him a copy of the accompanying memorandum.

While not denying that he had virtually admitted our right to ask for the open door, he endeavoured to qualify this admission by contending that Russian goods had a prescriptive right to free entry into Mongolia, and that consequently any duties which the Mongolian Government might impose for revenue purposes could not be applied to them. We could hardly, he argued, object to our goods paying *li-kin* duties in Mongolia in the same way as they did in certain provinces of China.

I replied that we should certainly object to a differential treatment of our goods, and the fact that Russian goods had the right of free entry over the northern frontier did not relieve them from the payment of dues levied on foreign goods in the interior. The action taken by Russia had resulted in the infringement of the principle of Chinese integrity of which she had been a guaranteeing Power, but we could never consent to its having the further result of violating the principle of the open door. As our goods had to enter Mongolia from the south by the Chinese treaty ports, they were already penalised to the amount of $7\frac{1}{2}$ per cent. as compared with those of Russia, and the levying of further internal duties, from which Russian goods were exempted, would exclude them altogether from the Mongolian market.

M. Sazonof, in reply, argued that Mongolia had never been an integral part of China but a vassal State of the Manchu dynasty; and the fall of that dynasty had released it from the ties that bound it to China. It was, moreover, a wretchedly poor country, and its trade was not worth having. I replied that, if that was the case, Russia had nothing to gain by trying to shut the door in our face, and I expressed the earnest hope that he would not create difficulties for us.

M. Sazonof assured me that he did not wish to make *des chicanes* for us, but that he could not give me an answer straight off as he did not himself quite understand the present state of the question. The actual frontiers of Outer Mongolia were not even yet definitely settled, and tripartite negotiations were soon to commence at Urga. He would reflect on what I had told him, and see if he could do anything to help us.

As the conversation then turned on Thibet, I communicated to M. Sazonof the substance of the last two paragraphs of your despatch above referred to. His Excellency expressed his satisfaction on hearing that His Majesty's Government did not propose to ask for advantages in Thibet as compensation for those which Russia had obtained in Mongolia. There was, he repeated, no connection between the two questions save for the fact that both Mongolia and Thibet had to be safeguarded against Chinese encroachments. I remarked that the communication that I had just made to him had been inspired by your desire not to press an argument to which his Excellency had taken exception; but the fact that Russia had acquired a predominant position in Mongolia ought, in my opinion, to be accepted as an equivalent for any concessions which Russia might make to us in Thibet. M. Sazonof, however, would not admit this, and said that, while willing to meet our wishes with regard to Thibet, he would have to ask for something in return elsewhere, as otherwise he would be accused of sacrificing Russian interests. On my pressing him to indicate the nature of these counter-claims, his Excellency said that he had not yet thought the matter out.

I am inclined to think that, however modest the demands which we may put forward, we must be prepared to be met with some counter-demands on M. Sazonof's part, and that, as we are not likely to get what we want without bargaining, it would be advisable for us to begin by asking for more than the irreducible minimum of our requirements. If, when M. Sazonof has shown his hand, we find that the price is more than we care to pay, we should have a margin for bargaining, as we could always

withdraw some of our original demands. Should we, on the contrary, begin by putting forward our minimum claims, we might have to choose between paying the price asked or renouncing our claims altogether. It will in any case be interesting to discover what it is that Russia wants to get.

I have, &c.

GEORGE W. BUCHANAN.

Enclosure in No. 1.

Memorandum communicated to M. Sazonof.

IN the conversation which His Majesty's Ambassador had with the Imperial Minister for Foreign Affairs on the 31st January, respecting the changes which have been effected in the political and commercial situation in Central Asia by the recent Russo-Mongolian and Russo-Chinese Agreements, Sir George Buchanan explained the views of His Majesty's Government on the subject.

Sir G. Buchanan is now instructed to inform M. Sazonof that His Majesty's Government propose, with the acquiescence of the Imperial Government, to instruct His Majesty's Minister at Peking to enter into negotiations with the Mongolian Government with a view to concluding an arrangement for securing fair terms and the maintenance of the open door for British trade. The Russo-Mongolian protocol, whilst giving no special privileges to Russian goods, secures to Russian subjects the right to import into Mongolia goods of any origin free of duty. His Majesty's Government desire to secure, under the grant of the most-favoured-nation treatment, the same privileges for British subjects and their goods as those enjoyed by the subjects of Russia, as well as an undertaking that no import, transit, or other duties shall be imposed on the produce or manufacture of any part of His Majesty's territories which are not equally imposed on those of any other foreign country.

Register No.

Put away

1235

13

2023

Secret Department.

Letter from C. W. 20856

Dated 23 May 1914
Rec. 25

Formally acknowledged

	Date.	Initials.	SUBJECT.
Under Secretary.....	26 May	AM	<p><u>Angonia</u></p> <p>British Commercial interests in Mongolia. Proposed establishment of British Consulate at Ula : F.O. propose to let this question stand over for the present.</p>
Secretary of State.....	26	AM	
Committee.....	27	AM	
Under Secretary.....			
Secretary of State.....			

Copy to C. W. 20856

Copy to C. W. 20856

(of F.O. letter)

29 MAY 1914

(Print 3 p.m.)

(of letter to F.O.) - 12 June 1914

FOR USE BY DEPARTMENTS ONLY.

8/1. to F.O. concurring

8 June 1914

Approved Political Committee.

8 June 1914 no action to 20.

Previous Papers:—

4920
4977/13

MINUTE.

It seems clearly inadvisable to raise the question of a British Consulate at Urga before we have come to terms with Russia over Tibet.

Para 3. ^{of hint} Attitude of German Govt towards consular representation in Outer Mongolia. Sir J. Jordan's argument (bottom of ~~p. 4.~~) seems to cut both ways. If we "treat Urga for consular purposes as part of China", some foreign Govt may possibly claim to treat Lhasa in the same way. The Germans, we know, are taking some interest in the question of Tibet.

p. 7. Desire of Mongols for a British or American Consulate at Urga.

Book
Confidential

Spt. 70.

8 June 1914

Sir,

In reply to your letter of the 23rd May 1914, No. 20856, on the subject of British commercial interests in Mongolia, I am directed by the S. of S. for India to inform you that he agrees with the S. of S. for Foreign Affairs that the question of establishing a British Consulate at Urga should stand over for the present.

(sd) T. W. Holderness.

J. B.
J. B. S.
W.
S. B.

Approved for Com'n.,
8 JUN 1914

Copy to India
12 JUN 1914

In any further communication
on this subject, please quote

No. 20856/14.

and address—

The Under-Secretary of State,
Foreign Office,
London.

India.

FOREIGN OFFICE

May 23 1914.

Confidential.

2123

Sir:-

I am directed by Secretary Sir E. Grey to transmit
to you herewith copy of a despatch from His Majesty's
Minister at Peking relative to a proposal that a
British Consulate should be established at Urga.

In view of the negotiations at present proceeding
between His Majesty's Government and the Russian Govern-
ment regarding Tibet and of the fact that the needs
of British Trade at Urga are not pressing Sir E. Grey
is of opinion that the matter can stand over for
the present.

A letter similar to this has been addressed to the
Board of Trade.

I am,

Sir,

Your most obedient,

humble Servant,

W. D. Anderson

The Under Secretary of State,
India Office.

THIBET AND MONGOLIA.

[May 11.]

CONFIDENTIAL.

SECTION 3.

[20856]

No. 1.

Sir J. Jordan to Sir Edward Grey.—(Received May 11.)

(No. 169.)

Sir,

Peking, April 27, 1914.

I HAVE the honour to forward herewith copy of a letter from the British American Tobacco Company (Limited), on the subject of commercial affairs at Urga, in which my attention is called to the suggestion that a British consul should be stationed at that place.

I have not much information as to the volume of trade between China and Outer Mongolia, and the impression derived from British merchants in Tien-tsin is that in the present conditions, that is, so long as the dearth of money in Mongolia continues, the openings to British trade will be limited to a primitive system of barter of commodities. I understand from the British American Tobacco Company, who have recently shown commendable enterprise in despatching camel caravans of tobacco, candles, piece-goods, stoves, &c., from Tien-tsin to Urga, that they are endeavouring to arrange a method by which import goods of this kind can be exchanged for skins and hides.

Small however though the present trade may be, the reported riches of the country in cattle and minerals suggest possibilities for the future. I took a recent opportunity to enquire of my German colleague whether there was any truth in the statement that a German consul was about to be sent to Urga. Herr von Haxthausen informed me that his Government had, indeed, under their consideration a proposal to send a consul there, and, moreover, that the official to be sent would be a consul "de carrière," and not merely a mercantile consular agent. The German Government, he said, looked upon Outer Mongolia as part of Chinese territory, and it was to Urga as a place in China, without reference to the autonomy of Outer Mongolia, that they proposed to despatch a consular representative.

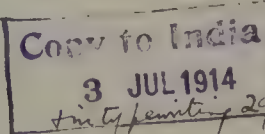
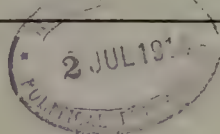
It will be remembered that, during the journey which he undertook in Mongolia last summer, Lieutenant Binsteed was approached with suggestions regarding the establishment of British consular representation at Urga. He derived the impression that the Mongols would welcome such a step as being a proof of their autonomy, and as affording an offset to the Russian predominance of which they were even then beginning to tire. The enclosed letter from the British American Tobacco Company's representative at Urga shows that the desire for the establishment of a British consulate still exists.

I understand from the correspondence which I have had the honour to receive from you, Sir, that His Majesty's Government are not, pending previous consultation with the Russian Government, prepared to enter into negotiation with the Mongols with a view to the establishment of direct relations between the two countries, and in the circumstances it may perhaps be advisable to follow the German example and treat Urga for consular purposes as part of China. Russia has expressly recognised it as such by the first article of the declaration appended to the agreement of the 5th November, 1913, and this course would naturally be much more acceptable to China than direct negotiations with the Mongols, which could not fail to cause grave offence here, and might conceivably form an inconvenient precedent in regard to Thibet.

I have &c.

J. N. JORDAN.

[2142 l-3]



Enclosure 1 in No. 1.

British-American Tobacco Company to Sir J. Jordan.

Sir,

22, Museum Road, Shanghai, April 2, 1914.

WE enclose you herewith copy of a letter we have received from Mr. O. Mamen, dated Urga, 13th February, 1914, for your information, and invite your attention to what Mr. Mamen has to say on the subject of a consulate at Urga.

It appears that the Mongolian officials have had some conversation with Mr. Mamen in regard to the possibility of having a British or American consulate established at Urga.

We have accepted the piece of land which the Mongolian officials in Urga gave us, and if the title to same is satisfactory, it is our intention to erect buildings thereon during the coming summer.

The Mongolian officials have undertaken to charge us 10 per cent. *ad valorem* *li-kin* on cigarettes and tobacco which we ship into Urga, and we have to-day written Mr. Mamen that we do not think they should charge us more than 5 per cent., for the reason that we pay only 5 per cent. on other articles which we ship into Urga.

We have, &c.

(For British-American Tobacco Company (Limited))

J. A. THOMAS, *Director.*

Enclosure 2 in No. 1.

Mr. Mamen to Mr. Thomas (British-American Tobacco Company).

Dear Sir,

Urga, February 13, 1914.

I HAVE duly received your favour of the 17th January, for which I thank you. Since I arrived here the Mongolian *li-kin* officials have been at me all the time, and still I do not know more about the taxes on cigarettes to-day than I knew when I arrived. The rule is that the taxes on tobacco and wines should be 10 per cent. of Urga selling price, and not 5 per cent. as I was informed by the legation in Peking. I also learn that the owner of the imported goods shall inform the *li-kin* people about the selling price, and then the *li-kin* office write the retail price on all the goods which must not be sold at a higher price. I have explained that we could not have any prices stamped on our goods, to which they agreed at once. The first day we talked over the cigarette taxes I was half-way promised that they would only charge us 5 per cent. on cigarettes. Later on I was told that they could not do it that way because other people would make trouble if we had our goods imported at cheaper rates, but they say that, one way or another, they will give us some favour. What I am working for now is to get a flat tax on all brands of cigarettes, and of course as low as possible. On all other goods there is a tax of 5 per cent. of the selling price. The candle tax was fixed at once as 20 kopecks per case, which is 5 per cent. off Kalgan price, and much cheaper than what Chinese have to pay on imported candles. Everybody has to pay duty on goods imported from China or Manchuria, Russians as well as others, and only Russian goods imported from Russia is free of duty. This is of course much better than it was formerly, when Russians could import all the goods they wanted from China without any kind of duty. Shall I protest against the *li-kin* charges under the present conditions? If so, I would thank you to send me such a protest written in Chinese, it being very difficult for me to have such a protest written out here. On the other hand, I think it wise not to protest, but to try everything to be on friendly terms with the Mongols. Many times I have been asked if it was possible to get a British or American consul to Urga. They have asked me if I would write to the British Legation and invite a consul; they have promised that Britishers and Americans should get better conditions than anybody else if they sent their consuls or agents here; they have even gone so far as to ask if a consul would come here when they brought me into trouble. To all this I hardly answer at all, and from me this news does not go further than this letter; but personally I wish that somebody would come and talk over matters with the Mongols. I learn that a German consul is coming here soon and, so far as I know, there are no German firms in Mongolia, and I cannot see why nothing should be done for us after we have been here more than two years.

Regarding the land I picked out last summer, it has been kept open for us, and I can obtain it any time I like in the name of the company, if we agree to pay land taxes as Russians and other people pay. So far nothing is settled as to what these taxes will amount to, but I am sure that we can come to an understanding with the Mongols, who are only too glad to see that we are settling down here. I will wire you as soon as I have found out the particulars about the land, as well as the cost of buildings.

Yours respectfully,
O. MAMEN.

Register No.

1034

1235

13

Secret Department.

Letter from F.O. 10334/14

Dated 14 March 1914.
Rec. 16.

Formally acknowledged

	Date.	Initials.	SUBJECT.
Under Secretary.....	20 March	W.H.	<p><u>Mongolia</u></p> <p>British commercial interests : report by Sir G. Buchanan on a conversation with the Russian N. F. A.</p> <p>Question of demands to be put forward by H.M.'s Govt. in connection with Tibet.</p>
Secretary of State.....	21	W.H.	
Committee.....			
Under Secretary.....			
Secretary of State.....			

Syn

C 23. III. 14

Copy to Secy

Copy to Secy

27 MAR 1914

Printed 1 May

FOR USE BY DEPARTMENTS ONLY.

Op. to F.O. commenting

The draft is, I think, very suitable.

W.H.

See, a very good draft

C

26 March 1914. Letter to F.O.

Previous Papers:—

100 807

21

INDIA OFFICE,
26th March 1914.

Sir,

I am directed by the Secretary of State for India to acknowledge the receipt of your letter of the 14th March 1914, No. 10,334, forwarding copy of a despatch from His Majesty's Ambassador at St. Petersburg reporting a conversation with the Russian Minister for Foreign Affairs on the subject of British commercial interests in Mongolia.

With reference to the last paragraph of Sir G. Buchanan's despatch, in which he discusses the question of the demands to be put forward by His Majesty's Government in respect to Tibet, I am to observe that, as the Marquess of Crewe understands the position, there are two points only in the draft Tibet Convention as at present approved, to which the assent of the Russian Government will have to be obtained, viz. :—

- (1) the cancellation of Article 4 of the Anglo-Russian Agreement of 1907, by which the two Governments mutually engaged not to seek concessions in Tibet; and
- (2) the right of the British Trade Agent at Gyantse to visit Lhasa.

As regards the former of these points, Article 4 of the Anglo-Russian Agreement is of the nature of a mutual "self-denying ordinance," from which it will be to the advantage of Russia no less than of Great Britain to obtain release. As such, it may reasonably be compared with the temporary engagement respecting scientific missions which was embodied in the notes appended to the Agreement, and which, as Sir E. Grey is aware, was allowed to lapse, by mutual consent of the two Governments, on the expiration of the period of three years for which it was contracted. No just demand for a *quid pro quo* could, in Lord Crewe's opinion, be advanced by Russia in respect of this proposal.

There remains the question of the Trade Agent's right of access to Lhasa, in regard to which it may be assumed that some counter-demand will be made by the Russian Government. A possible course, if Sir G. Buchanan's view as to the need of a "margin for bargaining" is accepted, would be to ask in the first instance for a permanent British representative at Lhasa. But if this request were met by Russia with a demand for similar representation at the Tibetan capital, a somewhat delicate situation would arise, and it might be difficult to produce an alternative proposal, on the lines of the actual requirements of His Majesty's Government, without appearing unduly suspicious of Russian intentions. In all the circumstances, Lord Crewe would prefer not to commit himself on this point until Sir G. Buchanan is in a position to report further as to the direction in which Russian counterclaims are likely to lie. La

A further suggestion that occurs to His Lordship has reference to the provision originally included in Article 2 of the draft Convention, but subsequently omitted in deference to Sir E. Grey's objections,* requiring Tibet to obtain the consent of His Majesty's Government before seeking assistance in administrative matters from any Foreign Power other than China. Lord Crewe does not wish to reopen this question on its merits; but he would suggest that the proposal is one which might be put to the Russian Government in the first instance for the purpose indicated in Sir G. Buchanan's despatch. A further "margin" might be secured by submitting the proposal regarding concessions, provisionally, in the form adopted in Article 5 of the draft Convention drawn up by Sir H. McMahon, copy of which is enclosed for convenience of reference.

The Under Secretary of State,
Foreign Office.

In conclusion Lord Crewe would observe that the language held by Sir G. Buchanan in his conversation with M. Sazonof (as briefly summarised in his Despatch under consideration), hardly does justice to the argument of His Majesty's Government as stated in Sir E. Grey's Despatch No. 72, of 27th February. That argument, as his Lordship understands it, is not that the predominance acquired by Russia in Mongolia ought to be accepted by her as an equivalent for any concessions which she might make to us in Tibet, but that it has materially altered, to the detriment of Great Britain, the *status quo* in Tibet on which the Anglo-Russian Agreement of 1907 was based, and that it has consequently become necessary to provide further safeguards for British interests in order to meet the needs of a situation differing entirely from that contemplated by the Agreement. I am to suggest that Sir G. Buchanan's notice should be drawn to this point.

I have the honour to be,

Sir,

Your most obedient Servant,

(sd) T. W. Holderness.

Lakes

Down
P. 32

8/11. 7.0.

26 March 1914

Sir,

I am directed by the S. of S. for India to acknowledge the receipt of your letter of the 14th March 1914, No. 10334, forwarding copy of a despatch from H. M.'s Ambassador at St. Petersburg reporting a conversation with the Russian Minister for Foreign Affairs on the subject of British commercial interests in Mongolia.

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237

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engaged not to seek concessions in
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Vic
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J. Dul

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4 Foreign

^x See your letter No. 5713,
12th February 1914

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by the Agreement. I am to suggest
that Sir G. Buchanan's notice should
be drawn to this point.

(sd) T. W. Holderness.

7x

India.

In any further communication
on the subject, please quote

No. 10334/14.

and address-

The Under-Secretary of State,
Foreign Office,
London.

FOREIGN OFFICE

March 14th, 1914.

Sir:-

(87)
Buchanan
61 - March 14

With reference to the letter from this Office of the
27th ultimo, I am directed by Secretary, Sir E. Grey, to
transmit to you, herewith, to be laid before the Secretary
of State for India, copy of a despatch from His Majesty's
Ambassador at St. Petersburg, reporting a conversation with
Monsieur Sazonow regarding British commercial interests in
Mongolia.

Sir E. Grey would be glad to receive the observations
of the Marquess of Crewe upon the suggestion contained
in the last paragraph of Sir G. Buchanan's despatch.

I am,

Sir,

Your most obedient,

humble Servant,

W. Langley

The Under Secretary of State,
India Office.

THIBET AND MONGOLIA.

CONFIDENTIAL.

1034
1034/14
[March 9.]

SECTION 2.

[10334]

No. 1.

Sir G. Buchanan to Sir Edward Grey.—(Received March 9.)

(No. 61.)

Sir,

St. Petersburg, March 4, 1914.

IN accordance with the instructions conveyed to me in your despatch No. 72 of the 26th ultimo, I spoke to M. Sazonof again yesterday on the subject of the open door in Outer Mongolia, and, at his request, left with him a copy of the accompanying memorandum.

While not denying that he had virtually admitted our right to ask for the open door, he endeavoured to qualify this admission by contending that Russian goods had a prescriptive right to free entry into Mongolia, and that consequently any duties which the Mongolian Government might impose for revenue purposes could not be applied to them. We could hardly, he argued, object to our goods paying *li-kin* duties in Mongolia in the same way as they did in certain provinces of China.

I replied that we should certainly object to a differential treatment of our goods, and the fact that Russian goods had the right of free entry over the northern frontier did not relieve them from the payment of dues levied on foreign goods in the interior. The action taken by Russia had resulted in the infringement of the principle of Chinese integrity of which she had been a guaranteeing Power, but we could never consent to its having the further result of violating the principle of the open door. As our goods had to enter Mongolia from the south by the Chinese treaty ports, they were already penalised to the amount of 7½ per cent. as compared with those of Russia, and the levying of further internal duties, from which Russian goods were exempted, would exclude them altogether from the Mongolian market.

M. Sazonof, in reply, argued that Mongolia had never been an integral part of China but a vassal State of the Manchu dynasty; and the fall of that dynasty had released it from the ties that bound it to China. It was, moreover, a wretchedly poor country, and its trade was not worth having. I replied that, if that was the case, Russia had nothing to gain by trying to shut the door in our face, and I expressed the earnest hope that he would not create difficulties for us.

M. Sazonof assured me that he did not wish to make *des chicanes* for us, but that he could not give me an answer straight off as he did not himself quite understand the present state of the question. The actual frontiers of Outer Mongolia were not even yet definitely settled, and tripartite negotiations were soon to commence at Urga. He would reflect on what I had told him, and see if he could do anything to help us.

As the conversation then turned on Thibet, I communicated to M. Sazonof the substance of the last two paragraphs of your despatch above referred to. His Excellency expressed his satisfaction on hearing that His Majesty's Government did not propose to ask for advantages in Thibet as compensation for those which Russia had obtained in Mongolia. There was, he repeated, no connection between the two questions save for the fact that both Mongolia and Thibet had to be safeguarded against Chinese encroachments. I remarked that the communication that I had just made to him had been inspired by your desire not to press an argument to which his Excellency had taken exception; but the fact that Russia had acquired a predominant position in Mongolia ought, in my opinion, to be accepted as an equivalent for any concessions which Russia might make to us in Thibet. M. Sazonof, however, would not admit this, and said that, while willing to meet our wishes with regard to Thibet, he would have to ask for something in return elsewhere, as otherwise he would be accused of sacrificing Russian interests. On my pressing him to indicate the nature of these counter-claims, his Excellency said that he had not yet thought the matter out.

I am inclined to think that, however modest the demands which we may put forward, we must be prepared to be met with some counter-demands on M. Sazonof's part, and that, as we are not likely to get what we want without bargaining, it would be advisable for us to begin by asking for more than the irreducible minimum of our requirements. If, when M. Sazonof has shown his hand, we find that the price is more than we care to pay, we should have a margin for bargaining, as we could always

[2094 i-2]



Copy to India

1 MAY 1914

Am. Department 27 March

withdraw some of our original demands. Should we, on the contrary, begin by putting forward our minimum claims, we might have to choose between paying the price asked or renouncing our claims altogether. It will in any case be interesting to discover what it is that Russia wants to get.

I have, &c.

GEORGE W. BUCHANAN.

Enclosure in No. 1.

Memorandum communicated to M. Sazonof.

IN the conversation which His Majesty's Ambassador had with the Imperial Minister for Foreign Affairs on the 31st January, respecting the changes which have been effected in the political and commercial situation in Central Asia by the recent Russo-Mongolian and Russo-Chinese Agreements, Sir George Buchanan explained the views of His Majesty's Government on the subject.

Sir G. Buchanan is now instructed to inform M. Sazonof that His Majesty's Government propose, with the acquiescence of the Imperial Government, to instruct His Majesty's Minister at Peking to enter into negotiations with the Mongolian Government with a view to concluding an arrangement for securing fair terms and the maintenance of the open door for British trade. The Russo-Mongolian protocol, whilst giving no special privileges to Russian goods, secures to Russian subjects the right to import into Mongolia goods of any origin free of duty. His Majesty's Government desire to secure, under the grant of the most-favoured-nation treatment, the same privileges for British subjects and their goods as those enjoyed by the subjects of Russia, as well as an undertaking that no import, transit, or other duties shall be imposed on the produce or manufacture of any part of His Majesty's territories which are not equally imposed on those of any other foreign country.

Asst

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T I B E T.

Proposed Tripartite Agreement.

TIBET.

PROPOSED TRIPARTITE AGREEMENT.

DRAFT PROPOSED BY HIS MAJESTY'S
GOVERNMENT.

Article 1.

The two Governments, recognising that Tibet is under the suzerainty, but not the sovereignty, of China, mutually engage to respect the territorial integrity of the country and to abstain from interference in its internal administration which shall remain in the hands of the Tibetan Government at Lhasa.

Article 2.

The Government of China engages not to send troops into Tibet or to station civil or military officers or establish Chinese colonies in the country. Should any such troops, officials or colonists remain in Tibet at the date of the signature of this agreement, they shall be withdrawn within a period not exceeding one month.

Article 3.

The foregoing article shall not be held to preclude the continuance of the arrangement by which, in the past, a Chinese representative with suitable escort has been maintained at Lhasa, with authority to advise the Tibetans as to their foreign relations, but it is hereby provided that the said escort shall in no circumstances exceed 300 men.

DRAFT PROPOSED BY SIR A. H. McMAHON.

Article 1.

The Governments of Great Britain and China, recognising that Tibet is under the suzerainty, but not the sovereignty, of China, mutually engage to respect the territorial integrity of the country, and to abstain from interference in its administration, which shall remain in the hands of the Tibetan Government at Lhasa.

Should the Tibetan Government in the future decide to inaugurate changes in its administrative system, it undertakes not to seek nor obtain advice or assistance from any Power, or the subject of any Power, other than those which are parties to this treaty.

Article 2.

The Government of China engages not to send troops into Tibet nor to station civil or military officers or establish Chinese colonies in the country. Should any such troops, officials, or colonists remain in Tibet at the date of the signature of this agreement, they shall be withdrawn within a period not exceeding one month.

Article 3.

The foregoing article shall not be held to preclude the continuance of the arrangement by which, in the past, a Chinese representative with suitable escort has been maintained at Lhasa, but it is hereby provided that the said escort shall in no circumstances exceed 300 men.

The Government of Great Britain shall have the right to maintain in a similar manner a representative at Lhasa to discuss and settle with the Government of Tibet matters relating to their mutual interests.

Article 4.

The three Governments, recognising the special status of Tibet and the special and mutual interests of Great Britain and China in the maintenance of peace and tranquillity in that country, agree that Tibet shall be regarded as apart from all party and provincial politics in China, and that the nomination and removal of the Chinese Resident in Lhasa shall lie with the President of the Republic of China, in consultation with His Britannic Majesty's Minister at Peking.

TIBET.

PROPOSED TRIPARTITE AGREEMENT.

REMARKS BY SIR A. H. McMAHON.

REMARKS BY GOVERNMENT OF INDIA.

Article 1.

We doubt whether the words "to inaugurate changes in its administrative system" are sufficiently definite to exclude foreigners from participation in the existing administration, and should prefer to word the concluding sentence of this Article as follows:—
 "without the consent of Government of Great Britain, the Government of Tibet engage not to seek or obtain advice or assistance of any Power other than the Chinese Government in any matters connected with the administration of Tibet."

Nepal has long had direct relations with Tibet, and a representative in Lhasa, and might be aggrieved if the Article were worded so as to exclude Nepalese subjects absolutely.

Article 3.

(a) The historical claim of the Chinese Amban to intervene in the foreign relations appears to have extended only to the border States of Nepal, Bhutan, Sikkim and Chumbi Valley, and omission is suggested with a view to removing a potential danger (*vide* Peking Despatch No. 102 of 8th March, Enclosure 4; Institutions of the Manchu dynasty).

(b) Provision for a British representative comes most suitably in this Article, in juxtaposition to that concerning Chinese Amban. His general status and any necessary escort would be sufficiently safeguarded by the words "in a similar manner."

Article 3.

For the words "in a similar manner" in this Article we would substitute "under similar conditions." This would cover the right to an adequate escort for our representative.

Article 4.

Political stability cannot be ensured in Tibet so long as the country remains within the sphere of the provincial politics of Szechuan and Yunnan. A precedent for the suggested procedure is furnished by the omission of the President to lay before Parliament the Opium Agreement of 1911, and there are indications that the above suggestion would be welcomed by the Chinese Plenipotentiary.

A voice in selection and removal of the Amban will be of great importance should we fail to obtain a British Resident at Lhasa. I recognise possible objections to this Article which is mainly suggestive and tentative, but the last clause will be useful in any case for the purposes of negotiation.

Article 4.

We see no need for this Article, the subject of which is unusual and might be dealt with more appropriately, should necessity ever arise, in subsequent discussion with China. In any case we would not include the last clause of this Article even for the purpose of negotiation.

DRAFT PROPOSED BY HIS MAJESTY'S
GOVERNMENT.

DRAFT PROPOSED BY SIR A. H. McMAHON.

Article 5.

The Governments of Great Britain and China recognise the right of the Government of Tibet to grant (and the Governments of Great Britain and China and their respective subjects hereby enjoy the right to undertake) concessions for railways, roads, telegraphs, mining, industrial and other enterprises in Tibet, but the Government of Tibet agrees that no such concession shall be granted to any Power or the subject of any Power, except with the consent of Governments which are parties to this Treaty.

Article 6.

The Governments of Great Britain, China, and Tibet, recognising that Great Britain, by reason of her geographical position, has a special interest in the external relations of Tibet, hereby engage that Tibet shall not form the subject of any negotiations or agreement with any State without the consent of the Government of Great Britain.

Article 4.

China is hereby released from the engagements entered into by her under the Tibet trade regulations of the 20th April 1908; His Britannic Majesty's Government will hereafter hold the Tibetan Government responsible for the due fulfilment of the provisions of the aforesaid regulations in regard to the administration of the trade marts, the protection of trade routes, the regulation of commerce, &c.

Article 7.

China is hereby released from her rights and obligations under the Trade Regulations of 1893 and 1908, and also from her engagements under Article III. of the Convention of 1890 to prevent acts of aggression from the Tibet side of the Tibet-Sikkim frontier.

The Government of Tibet hereby acknowledges its responsibility for the fulfilment of the provisions of the aforesaid Trade Regulations of 1893 and 1908 in regard to maintenance of trade-marts and protection of the trade routes.

The Governments of Great Britain, China, and Tibet hereby reaffirm all the former agreements in regard to Tibet to which they have been parties, except in so far as those agreements may be modified by provisions of the present treaty.

REMARKS BY SIR A. H. McMAHON.

Article 5.

A monopoly of industrial enterprise in Tibet was given to China by Articles IX. (d) of 1904 and III. of 1906 Conventions. By Article VI. of the Mongolia-Tibet agreement and Article II. of the Urga Protocol, the Mongolians and Russians have also secured an open door for commerce and the right of industrial enterprise in Tibet.

It seems obviously essential to free ourselves from these monopolies and to establish a right to participate in industrial enterprise. This appears equally important whether it be our policy to retard or to expedite the exploitation and development of Tibet. A means of retardation is provided in the concluding clause of the Article.

The portion in brackets is suggested in case experts consider, in view of Article IV. of Anglo-Russian Convention, our right to participate is not secured by remainder of Article.

The only alternative to the portion in brackets would appear to be the specific cancellation of Articles IX. (d) of 1904 and III. of 1906 Conventions, and insertion in our treaty of a clause embodying terms of IX. (d). This would involve alteration of the 1904 Convention which I have tried to avoid.

Article 6.

It appears very desirable to control the foreign relations of Tibet, even with regard to China or Nepal, and thereby complete the safeguards provided by Article IX. of Convention of 1904. An analogous precedent for principle of control will be found in Article III. of Russo-Mongolian agreement, and the unusual wording of that Article appears to indicate some provision for subsequent treaty between Mongolia and Tibet.

Article 7.

This Article is framed to obviate necessity for cancellation of existing Conventions, as desired in Secretary of State's telegram of 23rd October, paragraph 3, and at the same time it aims at practical supersession of the Trade Regulations of 1908, which have now become embarrassing. The Chinese rights granted therein are sufficiently dangerous to justify a provision for their surrender (*vide* Sections 6, 8, 9, 12, &c.). The concluding paragraph is purposely worded in general terms. Beyond our own agreements of 1890, 1893, 1904, 1906, and 1908, the only Tibetan treaties of which we have any knowledge are (1) Tibet-Mongolia Agreement, (2) Treaty of 1842 with Kashmir, and (3) Treaty of 1856 with Nepal (*vide* Aitchison's Treaties, Vol. II.). This Article does not prejudice (2) or (3), to the latter of which Nepal attaches great importance; at the same time it does not affect (1), except in so far as that agreement has been modified intentionally by other provisions of present treaty.

REMARKS BY GOVERNMENT OF INDIA.

Article 5.

We cannot recommend the inclusion of this Article as it stands, since it would create an industrial monopoly in Tibet for China and Great Britain, to which Russia could hardly be expected to agree. Our interests in this respect would probably be served best by industrial sterilisation of Tibet; but as the Dalai Lama and his Ministers are determined on the economic development of the country, such a policy is impracticable, and our best course seems to be to seek to obtain an open door for British enterprise on the lines adopted by Russia in the Mongolian Treaty, leaving details to be settled by revision of the Trade Regulations in direct negotiation with Tibet.

Article 6.

This might preferably be worded as follows:—"The Governments of China and Tibet hereby engage that they will not, without the consent of the Government of Great Britain, enter into any negotiations or agreement regarding Tibet with one another, or with any other Power."

Article 7.

We are of opinion that paragraph No. 1 should begin:—"China hereby relinquishes her rights and is hereby released from her obligations." Paragraph No. 3. It is explained by Sir A. H. McMahon that it is intended that all treaties and conventions concluded between the three contracting parties, between any two of them, or between one of them and another Power, should be included within the scope of this Article. We are doubtful, however, whether the wording of the article will bear this interpretation. In our opinion it is unnecessary and indeed undesirable to draw attention even indirectly to the Tibet-Nepal Treaty of 1856, which contains an implied admission by Nepal of Chinese suzerainty. If re-affirmation is necessary at all, it should preferably be confined to the agreements of 1890, 1893, 1904, 1906, and 1908, mentioned in Sir A. H. McMahon's note to this article, and these agreements might be specified, the wording of the paragraph being somewhat as follows:—

DRAFT PROPOSED BY HIS MAJESTY'S
GOVERNMENT.

DRAFT PROPOSED BY SIR A. H. McMAHON.

Article 5.

For the purposes of the present agreement, Tibet shall be held to include the districts of Za-yul, Mar-kham, Draya, Chiamdo, Gyade, and Nagchuka, and all country lying south and west of the Tang-la Range.

Article 8.

For the purpose of present treaty Tibet shall be held to include all the territory shown within frontier indicated in red on the map attached to this treaty.

Article 9

The Government of China hereby agrees to pay to Government of Tibet such compensation as may be justly due for losses incurred between the 1st January 1905 and the date of signature of present treaty, by the Government and subjects of Tibet, and by Nepalese and Ladakhis in that country, in consequence of acts done by Chinese officials and soldiers. Similarly the Government of Tibet agrees to grant an amnesty to all those officials and subjects of Tibet who have been imprisoned by the Tibetan authorities by reason of their sympathy for the Chinese, and also to restore to them all the property which for same reason has been confiscated by the said authorities.

Article 10.

The usual clause regarding comparison of texts and agreement that English text shall be authoritative.

REMARKS BY SIR A. H. McMAHON.

REMARKS BY GOVERNMENT OF INDIA

"agreements named below shall, except in so far as they may be inconsistent with or repugnant to any of the provisions of the present engagement, remain binding on the contracting parties."

Article 8.

In view of possible dispute as to the correct boundary between Tibet and Bhutan and Nepal, we think it preferable to confine the Indo-Tibet boundary laid down by the agreement map to the Assam-Tibet boundary east of Bhutan and to the north-east salient of Burma.

Article 9.

This is based on Chinese and Tibetan claims. It is hoped that means of settlement may be found without the necessity of including the article in our treaty, but its retention in draft is desired for purposes of negotiation.

Article 9.

As now worded, this is inadequate, and if it is not, as is now hoped, eliminated in the course of the negotiations, it should, besides stating the method of assessment, contain some clearer definition of specific losses to be included in the compensation.

General Remarks by Sir A. H. McMahon.

(A.) It will be noticed that there is no clause dealing with future of Trade Regulations. This is occasioned by difficulty of any reference to subject without involving inconvenient partnership of China. It is considered preferable to draw up separate and revised Trade Regulations in a simpler and more workable form. These can be discussed with Tibetan Plenipotentiary concurrently with conference negotiations, and should be completed and signed immediately after signature of tripartite treaty, provided that we have then recovered our freedom of direct relations with Tibet. Failing conclusion of new rules of trade, the existing Regulations, as modified by present draft treaty, will provide a temporary working basis.

(B.) No specific reference has been made to Tibetan demand for control of lamaist institutions outside Tibet. This appears to be a dangerous subject and likely to afford an opening for Russian comment. Moreover the position of Dalai Lama as head of the lamaist church is not a matter which is likely to be improved or impaired by any provision that could be made in this treaty.

(C.) No specific provision has been made for freedom of our Trade Agent to travel beyond Gyantse in case of need. It is considered, however, that this will be sufficiently secured by cancellation of China's rights and obligations under the Trade Regulations of 1908, as the movements of Trade Agent will thus be subject only to the permission of the Tibetans (*vide* Section 9). Specific recognition of such travelling privileges as may be necessary to safeguard our political and commercial interests could probably be secured by an exchange of notes with Tibetan Plenipotentiary.

"(D.) The term 'treaty' has been used in this draft. It is for consideration whether 'convention' or 'agreement' should be substituted."

General Remarks by Government of India.

We recognise that an understanding with Russia will be a necessary preliminary to negotiations on the lines suggested in Sir A. H. McMahon's draft agreement. Whether the present is a favourable opportunity for discussing the matter with Russia His Majesty's Government will be best able to judge. We think it should be stipulated at the outset that discussion will be confined to the question of our mutual relations with China, Mongolia, and Tibet, and that there will be no re-opening of other questions covered by Anglo-Russian Convention. Subject to this stipulation we strongly recommend that Russia be invited to agree to modifications of Articles II, III, and IV. of Convention in order to provide for a British representative in Lhasa, and for freedom of commercial and industrial enterprise in Tibet. We are of opinion that without a British representative it will be impossible for us to detect or frustrate foreign intrigues, and that the Governor-General of India's advice and the moral support of a British officer will be necessary if the Tibetans are to maintain the integrity of the country. It is very desirable to provide for this in the agreement, since it may be difficult to obtain the consent of the Chinese and Tibetans later, when their main objects have been achieved. The recent changes in the political conditions of Mongolia and Tibet have confirmed the opinion expressed in our telegram of 12th September 1912, that the right of representation at Lhasa should rest exclusively with us.

For the rest we concur generally in the terms of the draft agreement and Sir A. H. McMahon's comments thereon, subject to the above reservations.

Minute Paper.

Register No.

807

Put away

Secret Department.

Dated 27 Feb. 1914.
Rec. 28.

	Date.	Initials.	SUBJECT.
Under Secretary.....	2 March	J.E.S.	<u>Mongolia</u> British commercial interests: proposed communication to Russian Govt. Instructions to H. M.'s Ambassador at St. Petersburg
Secretary of State.....	3.3	J.W.O.	
Committee.....	3	E	
Under Secretary.....			
Secretary of State.....			

Copy to India

Copy to India

13 MAR 1914

+ 24 April (via print)

FOR INFORMATION.

The instructions to Sir G. Buchanan
are in the sense agreed to in our letter
of 18th Feb.

seen Pol. Com'ee.,
11 MAR 1914

Previous Papers:—

531

In any further communication on this subject, please quote

No. 7516/14.

and address—

The Under-Secretary of State,
Foreign Office,
London.

India.

807

10531

*The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for India
and, by direction of the Secretary
of State, transmits herewith copy of the under-mentioned
paper.*

Foreign Office,

Dec. 27th, 1914.

Reference to previous correspondence:

Letter ^{to} ~~from~~ Foreign Office: P. 531 of Dec. 18th.

Description of Inclosure.

Name and Date.

Subject.

Despatch no 72 to

Sir G. Buchanan, Dec. 27.

Tibet & Mongolia

(Similar letter sent to

)

THIBET AND MONGOLIA.

CONFIDENTIAL.

807
807/14
[February 27.]

SECTION 1.

[7516]

No. 1.

Sir Edward Grey to Sir G. Buchanan.

(No. 72.)

Sir,

(1567)

Foreign Office, February 27, 1914.

IN my despatch No. 57 of the 17th instant I expressed my approval of the language held by your Excellency on the 31st ultimo when speaking to the Russian Minister for Foreign Affairs regarding the changes which have been effected in the political and commercial situation in Central Asia by the recent Russo-Mongolian and Russo-Chinese Agreements.

Although M. Sazonof has virtually admitted the right of His Majesty's Government to ask for the open door in Mongolia, I am of opinion that it would be advisable to obtain some more formal admission on this point from the Russian Government before any overtures are made to the Mongolian authorities.

I request, therefore, that your Excellency will take a suitable opportunity to approach M. Sazonof with a view to securing the definite acquiescence of the Russian Government in the opening of negotiations with the Mongolian authorities for the conclusion of a commercial agreement on the lines indicated in the Board of Trade letter of the 27th November and in Mr. Alston's despatch No. 437 of the 21st November.

Should M. Sazonof, when you make this enquiry, again revert to the question of Thibet, you should explain to him that His Majesty's Government do not propose to ask for advantages in Thibet as compensation for those which Russia has obtained in Mongolia. His Majesty's Government, nevertheless, are of opinion that the changes which have recently taken place in regard to the status of Outer Mongolia have materially altered the general situation in those regions, and have affected, in a measure, the relations between Thibet and her neighbours. Any modifications which His Majesty's Government may therefore eventually propose in the international agreements which at present deal with Thibet will be, to a certain extent, consequential on the new adjustments which have occurred in adjoining territories.

I am &c.

E. GREY.

[2061 dd—1]

Copy to India

4 APR 1914

(H.B. Rich. int. pers. etc.)

Register No.

531

Put away with *70*

Secret Department.

Letter from *C.O. 4381*

Dated } 12 Feb. 1914.
Rec.

Formally acknowledged

	Date.	Initials.	SUBJECT.
Under Secretary.....	16 Feb.	<i>At</i>	<i>150</i> <u>Monoclia</u> British commercial interests: proposed communication to Russian Govt.
Secretary of State.....	16	<i>P. W. H.</i>	
Committee.....			
Under Secretary.....			
Secretary of State.....			

for C 17. II. 14

Copy to *India*

20 FEB 1914

FOR USE BY DEPARTMENTS ONLY.

*8.11. to 70. concurring in proposed instructions
to H.M.'s Ambassador at St. Petersburg*

18 February 1914 letter to 70.

Seen Pol. Com'ee.,
24 FEB 1914

Previous Papers:—

252

MINUTE.

Please see minute on P.173/14 below. (The Bd. of Trade letter of 27 Nov., & Mr. Alston's despatch of 21 Nov., are flagged on the file below).

It has recently been decided to defer all communication to Russia on the subject of Tibet until about the 24th March, so as to give Sir H. McMahon time to make progress with the negotiations in India. In the meantime there is perhaps no objection to the question of our commercial relations with Mongolia being taken up at St. Petersburg on the lines proposed by the F.O. In asking for an "open door" for our trade there we are only claiming a right which M. Sazonov himself has "virtually admitted"; & it is understood that the F.O. — who are in the best position to judge — are satisfied that the question may safely be raised now without prejudice to any arguments, based on the analogy of Russian action in Mongolia, which we may hereafter have occasion to use in support of our Tibetan proposals.

S/K. 70.

Sir,

18 February, 1914

I am directed by the S. of S.
for India to acknowledge the
receipt of your letter of the 12th
February 1914, No. ⁴⁵⁶³~~4562~~, on the
subject of British commercial
interests in Mongolia, & in reply
to inform you that H. I. comes
in the terms of the instructions
which it is proposed to address
to H. M.'s Ambassador at St. Peters-
burgh.

(sd) T. W. Holderness.

Copy to India

20 FEB 1914

Secret.

11452
India.

FOREIGN OFFICE,

February 12th 1914.

Sir:-

With reference to previous correspondence ending with your letter of the 19th ultimo I am directed by Secretary Sir E. Grey to transmit to you herewith a copy of a telegram from His Majesty's Ambassador at St. Petersburg reporting a conversation with the Russian Minister for Foreign Affairs on the subject of Tibet and Mongolia.

The question of Tibet is still the subject of discussion between the two Departments and no further instructions on this point can be sent to Sir G. Buchanan, until a definite decision has been reached.

Sir E. Grey would however suggest, for the consideration of the Secretary of State for India that there would now seem no objection to dealing with the question of Mongolia.

It will be observed that Sir G. Buchanan reports in the first paragraph of his telegram that Monsieur

Sazonow

Under Secretary of State,
India Office.

(4381/14)

Monsieur Sazonow has virtually admitted the right of His Majesty's Government to ask for the open door in that country. It would however be advisable to obtain some more formal admission from the Russian Government on the subject before any overtures are made to the Mongolian Authorities, and Sir E. Grey would therefore be glad to learn whether in the opinion of Lord Crewe the time has arrived when the question of a commercial agreement with Mongolia should be taken up at St. Petersburg. If so he would propose, subject to Lord Crewe's concurrence, to instruct Sir G. Buchanan to take a suitable opportunity to approach Monsieur Sazonow with a view to securing the definite acquiescence of the Russian Government in the opening of negotiations with the Mongolian Government for the conclusion of a commercial agreement on the lines indicated in the enclosed letter from the Board of Trade and in Despatch No. 437 of November 21st last from His Majesty's Chargé d'Affaires at Peking (of which a copy was sent to you on the 24th December last).

Sir

(4381/14)

Sir E. Grey proposes at the same time to inform Sir G. Buchanan that, if, when he makes this inquiry, Monsieur Sazonow again reverts to the question of Tibet he should explain to him that His Majesty's Government do not propose to ask for advantages in Tibet as compensation for those which Russia has obtained in Mongolia, but that they consider that Russia, by her action in Mongolia, has indirectly but materially altered the situation in Tibet, and the relations between Tibet and her neighbours, and that any modifications which His Majesty's Government may propose in the international agreements which at present regulate this question will be, to a certain extent, the consequence of these alterations.

I am,

Sir,

Your most obedient,

humble Servant,

W. Randolph

CONFIDENTIAL.

Received

Sir G. Buchanan to Sir Edward Grey.—(Received February 1, 11:45 P.M.)

St. Petersburg, February 1, 1914.

(February 1, 9:30 P.M.)

(No. 27.)

YOUR despatch No. 30.

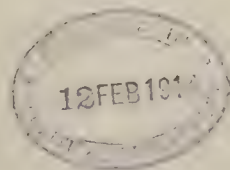
I spoke yesterday as instructed, and in course of friendly conversation Minister for Foreign Affairs virtually admitted our right to ask for open door, but contended that in helping Mongolians Russia had acted well within her rights, and had done nothing to change situation as regards Thibet.

I said that until I received your further instruction I could say nothing more officially, but it seemed to me that veiled protectorate which Russia was assuming over Mongolia materially altered our respective positions in Asia, and, as above changes might react on Thibet, it was natural we should wish to safeguard our interests there. I therefore trusted any proposals I might be instructed to submit would meet with favourable consideration.

After protesting that Russia had no sort of protectorate of Mongolia, his Excellency said he would certainly examine your proposals in friendly spirit, but that Russian public opinion would accuse him of sacrificing Russia's interests were he gratuitously to renounce all rights secured to her under convention. He trusted that Mongolia would not be quoted as a reason for asking for concessions in Thibet, as the two questions had nothing to do with each other, and ought not to be mentioned in the same breath.

I said that I could not share this view, and reminded him that Russia herself had recognised special interests which we had for geographical reasons in Thibet.

It will be difficult to induce Minister for Foreign Affairs to admit connection between the two questions, but I propose to continue to argue that our recognition of Russia's privileged position in Mongolia entitles us to expect consideration in Thibet.



THIBET AND MONGOLIA.

CONFIDENTIAL.

[November 28.]

SECTION 1.

[53836]

No. 1.

Board of Trade to Foreign Office.—(Received November 28.)

Sir,

Whitehall, November 27, 1913.

I AM directed by the Board of Trade to acknowledge the receipt of your letters of the 7th and 8th November, with their enclosures, relative to the Russo-Chinese Agreement respecting Mongolia and the Russo-Mongolian Agreement.

The Board concur with Sir E. Grey in thinking that, in the interest of British trade, it would be desirable for His Majesty's Chargé d'Affaires to be instructed to get into touch with the Mongolian Government with a view to concluding an arrangement for securing fair terms and the maintenance of the "open door" for British trade, and that the Russian Government should also be informed that His Majesty's Government are prepared to receive favourably the Russo-Chinese Agreement and Russo-Mongolian Treaty and Protocol, provided that reasonable conditions can be secured for British subjects and their commerce.

As regards the form which any commercial arrangement with the Mongolian Government might take, the Board observe that the Russo-Mongolian Protocol, a translation of which accompanied your letter of the 9th January last, whilst giving no special privileges to Russian goods, secures to Russian subjects the right to import into Mongolia goods of any origin free of duty. It would, therefore, seem desirable to secure by the suggested arrangement the same privileges for British subjects and their goods as those enjoyed by the subjects of Russia, and also (in view of possible discrimination in the future) to include in the arrangement an undertaking that no import, transit, or other duties shall be imposed on the produce or manufactures of any part of His Majesty's territories which are not equally imposed on those of any other foreign countries.

The Board presume that, like that between Russia and Mongolia, the arrangement should be unilateral in character, and that if concluded on the lines suggested, *i.e.*, made applicable to all His Majesty's subjects and territories, there would be no reason for including any special clause respecting the colonies.

The Russo-Mongolian Treaty and Protocol were to come into force on the date of their signature, and contained no provisions either for ratification or termination, and the suggested arrangement as drafted conforms to those instruments in this respect. It is, however, for consideration whether some provision for ratification is not necessary.

I am to enclose herewith a draft of an arrangement on the lines indicated above, which, subject to Sir E. Grey's approval, might be transmitted to Mr. Alston.

I am, &c.

GEO. J. STANLEY.

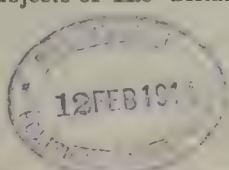
Enclosure in No. 1.

Preamble.

ARTICLE I.

ALL the rights, privileges, immunities, and exemptions which are, or may be, accorded in Mongolia to the subjects of any foreign country or their goods, shall be accorded, equally and unconditionally, to the subjects of His Britannic Majesty and their goods.

[1946 ee—1]



ARTICLE II.

No import, transit, or other dues shall be imposed on the produce or manufactures of any part of His Britannic Majesty's territories which are not equally imposed on the produce or manufactures of any other foreign country.

ARTICLE III.

The present arrangement shall come into force from the date of its signature,
&c.

Register No.

452

Put away

Minute Paper.

Secret Department.

Dated } 4th Feb 1914.
Rec. }

	Date.	Initials.	SUBJECT.
Under Secretary.....	6 Feb.	J.S.	<p>Question of British Commercial interests in Communication made to Russian Govt: attitude of Russian M. F. A.</p>
Secretary of State.....	6	J.W.H.	
Committee.....	6	E.	
Under Secretary.....			
Secretary of State.....			

Copy to India 6 Feb 14.

FOR INFORMATION.

Sir G. Buchanan's instructions (in the terms of which the S. of S. for India concurred on 19th January 1914) were "to take an early opportunity of explaining orally to M. Sazonov that the alteration in the status of Mongolia which has ~~been~~ resulted from the recent action of the Russian Govt has had an indirect but important effect on the position of Tibet", & to go on to intimate that we proposed to take up the question of British commercial interests in

Recd. Secy. Office.
10 FEB 1914

Previous Papers:—

425
172

in Mongolia.

It is understood that the F.O. are
writing to us officially on Sir G. Buchanan's
present telegram.

THIBET AND MONGOLIA.

[January 24.]

CONFIDENTIAL.

SECTION 1.

[1028]

No. 1.

Sir Edward Grey to Sir J. Jordan.

(No. 18.)

Foreign Office, January 24, 1914.

Sir,

I TRANSMIT to you herewith copy of a letter from the Board of Trade,* commenting on Mr. Alston's despatch No. 437 of the 21st November last, on the subject of the possibilities of commercial intercourse with autonomous Outer Mongolia.

I should be glad if you would ask Lieutenant Binsteed to forward the information desired by the Board, and would furnish me with any observations which you may desire to offer on the points raised in their letter.

Copies of correspondence between the India Office, the Board of Trade, and this Department, together with a despatch which has been sent to His Majesty's Ambassador at St. Petersburg on this subject, are enclosed for your information.†

I am, &c.

E. GREY.

* Board of Trade, November 27, 1913 [53836/13].

† Board of Trade, January 7, 1914; to ditto, November 7, 1913; to India Office, November 7, 1913; to ditto, January 15, 1914; to ditto and Board of Trade, December 24, 1913; India Office, November 19, 1913; ditto, January 19, 1914; to Sir G. Buchanan, No. 30, January 24, 1914 [2684/14].

[2010 aa—1]

Copy to India

6 FEB 1914

6 FEB 1914

THIBET AND MONGOLIA.

[January 8.]

CONFIDENTIAL.

SECTION 1.

[10287]

No. 1.

Board of Trade to Foreign Office.—(Received January 8.)

Sir,

Board of Trade, January 7, 1914.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 24th December, forwarding copy of a despatch from His Majesty's Chargé d'Affaires at Peking, relative to the action to be taken on behalf of British interests in Mongolia.

The Board are disposed to think that, if an agreement can be concluded with the Mongol authorities on the lines of the draft which accompanied the letter addressed to you from this Department on the 27th November, the immediate necessities of the situation will to a large extent be met.

They consider, however, that it will be desirable to supplement any such agreement by some arrangement with China, as indicated in Mr. Alston's despatch, which shall provide at least for the refund of import duties paid or deposited on British goods which pass in transit through that country for Mongolia. I am to suggest, for Sir E. Grey's consideration, that a convenient opportunity for endeavouring to bring about such an arrangement will arise in connection with the request of the Chinese Government for a revision of their customs tariff.

I am also to refer to your letter of the 23rd December with regard to Mongolia, and to suggest, should Sir E. Grey see no objection, that Lieutenant Binstead might be asked to forward—for use, when occasion arises, in the Board's Commercial Intelligence Branch—copies of the lists of goods in use among the Mongols, and the detailed information as to Mongol trading customs, &c., which are referred to in the note at the conclusion of the extract from his report, which formed one of the enclosures in your letter in question.

I am, &c.
GEO. J. STANLEY.

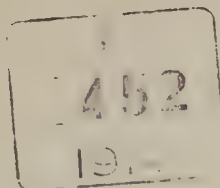
[2010 h—1]

Copy to India
6 FEB 1914

5 FEB 1914

CONFIDENTIAL.

India.



Sir G. Buchanan to Sir Edward Grey.—(Received February 1, 11:45 P.M.)

St. Petersburg, February 1, 1914.

(February 1, 9:30 P.M.)

(No. 27.)

✓
YOUR despatch No. 30.

I spoke yesterday as instructed, and in course of friendly conversation Minister for Foreign Affairs virtually admitted our right to ask for open door, but contended that in helping Mongolians Russia had acted well within her rights, and had done nothing to change situation as regards Thibet.

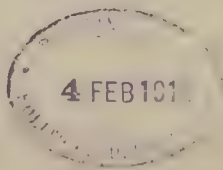
I said that until I received your further instruction I could say nothing more officially, but it seemed to me that veiled protectorate which Russia was assuming over Mongolia materially altered our respective positions in Asia, and, as above changes might react on Thibet, it was natural we should wish to safeguard our interests there. I therefore trusted any proposals I might be instructed to submit would meet with favourable consideration.

After protesting that Russia had no sort of protectorate of Mongolia, his Excellency said he would certainly examine your proposals in friendly spirit, but that Russian public opinion would accuse him of sacrificing Russia's interests were he gratuitously to renounce all rights secured to her under convention. He trusted that Mongolia would not be quoted as a reason for asking for concessions in Thibet, as the two questions had nothing to do with each other, and ought not to be mentioned in the same breath.

I said that I could not share this view, and reminded him that Russia herself had recognised special interests which we had for geographical reasons in Thibet.

It will be difficult to induce Minister for Foreign Affairs to admit connection between the two questions, but I propose to continue to argue that our recognition of Russia's privileged position in Mongolia entitles us to expect consideration in Thibet.

India
Feb 1/14



452

THIBET AND MONGOLIA.

[January 24.]

CONFIDENTIAL.

SECTION 2.

[2684]

No. 1.

Sir Edward Grey to Sir G. Buchanan.

(No. 30. Confidential.)

Foreign Office, January 24, 1914.

Sir,

I TRANSMIT to your Excellency herewith copies of correspondence with the Board of Trade and India Office, and of despatches from His Majesty's Chargé d'Affaires at Peking with regard to the effect of the recent Russo-Mongolian and Russo-Chinese agreements on British commercial interests in Mongolia and on the political status of Thibet.*

I am not prepared at the present moment to approach the Russian Government with any definite proposals for a settlement of the questions which seem likely to arise in consequence, as I am at present discussing the details with the Secretary of State for India, but I am anxious that there should be no unnecessary delay in acquainting the Russian Government with the fact that His Majesty's Government consider that the changes which have been effected in the political and commercial situation in Central Asia merit serious attention.

I should therefore be glad if your Excellency would take an early opportunity of explaining verbally to M. Sazonof that the alteration in the status of Mongolia which has resulted from the recent action of the Russian Government has had an indirect but important effect on the position of Thibet.

British commercial interests are, moreover, directly affected by the power to regulate industrial and commercial matters secured to the Mongolian Government by article 3 of the Russo-Chinese Agreement of the 5th November, 1912.

In mentioning this question to M. Sazonof, your Excellency might add that His Majesty's Government are of opinion that it will be necessary to discuss these questions with the Russian Government, and propose, after further consideration, to submit a more detailed statement of their views, and to make certain suggestions with the object of avoiding any difficulties which may arise from the altered political and commercial situation.

I am, &c.

E. GREY.

* Mr. Alston, No. 365, September 20; No. 406, November 1; No. 437, November 21; to India Office and Board of Trade, November 7; India Office, November 19; Board of Trade, November 27; to India Office and Board of Trade, December 24, 1913. Board of Trade, January 7; to India Office, January 19, 1914.

[2010 aa—2]

Copy to India

6 FEB 1914

5 FEB 1914

Minute Paper.

Register No.

425

Secret Department.

Dated } 27 Jan 1914.
 Rec. }

	Date.	Initials.	SUBJECT.
Under Secretary.....	3 Feb.	J.S.	<u>Mongolia</u> Question of entering into direct commercial relations with Mongolian Govt: views of Board of Trade.
Secretary of State.....	4	J.W. H	
Committee.....	4	E.	
Under Secretary.....			
Secretary of State.....			

Copy to Secy Secy Secy

FOR INFORMATION.

In our letter of 19 Nov. 1913, we expressed general concurrence in the course proposed by the F.O. with a view to securing an "open door" for British Commerce in Mongolia.

Seen Pol. Com'ee.,
 10 FEB 1914

Previous Papers:— 5190/13
 V

THIBET AND MONGOLIA.

CONFIDENTIAL.

[November 28.]

5 SECTION 1.

[53836]

No. 1.

Board of Trade to Foreign Office.—(Received November 28.)

Sir,

Whitehall, November 27, 1913.

I AM directed by the Board of Trade to acknowledge the receipt of your letters of the 7th and 8th November, with their enclosures, relative to the Russo-Chinese Agreement respecting Mongolia and the Russo-Mongolian Agreement.

The Board concur with Sir E. Grey in thinking that, in the interest of British trade, it would be desirable for His Majesty's Chargé d'Affaires to be instructed to get into touch with the Mongolian Government with a view to concluding an arrangement for securing fair terms and the maintenance of the "open door" for British trade, and that the Russian Government should also be informed that His Majesty's Government are prepared to receive favourably the Russo-Chinese Agreement and Russo-Mongolian Treaty and Protocol, provided that reasonable conditions can be secured for British subjects and their commerce.

As regards the form which any commercial arrangement with the Mongolian Government might take, the Board observe that the Russo-Mongolian Protocol, a translation of which accompanied your letter of the 9th January last, whilst giving no special privileges to Russian goods, secures to Russian subjects the right to import into Mongolia goods of any origin free of duty. It would, therefore, seem desirable to secure by the suggested arrangement the same privileges for British subjects and their goods as those enjoyed by the subjects of Russia, and also (in view of possible discrimination in the future) to include in the arrangement an undertaking that no import, transit, or other duties shall be imposed on the produce or manufactures of any part of His Majesty's territories which are not equally imposed on those of any other foreign countries.

The Board presume that, like that between Russia and Mongolia, the arrangement should be unilateral in character, and that if concluded on the lines suggested, *i.e.*, made applicable to all His Majesty's subjects and territories, there would be no reason for including any special clause respecting the colonies.

The Russo-Mongolian Treaty and Protocol were to come into force on the date of their signature, and contained no provisions either for ratification or termination, and the suggested arrangement as drafted conforms to those instruments in this respect. It is, however, for consideration whether some provision for ratification is not necessary.

I am to enclose herewith a draft of an arrangement on the lines indicated above, which, subject to Sir E. Grey's approval, might be transmitted to Mr. Alston.

I am, &c.

GEO. J. STANLEY.

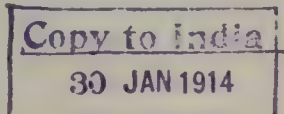
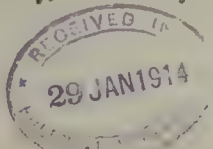
Enclosure in No. 1.

Preamble.

ARTICLE I.

ALL the rights, privileges, immunities, and exemptions which are, or may be, accorded in Mongolia to the subjects of any foreign country or their goods, shall be accorded, equally and unconditionally, to the subjects of His Britannic Majesty and their goods.

[1946 ee—1]



ARTICLE II.

No import, transit, or other dues shall be imposed on the produce or manufactures of any part of His Britannic Majesty's territories which are not equally imposed on the produce or manufactures of any other foreign country.

ARTICLE III.

The present arrangement shall come into force from the date of its signature, &c.

Register No.

173

Put away

1235

13

Secret Department.

Letter from FO. 55281

Dated 15 } Jan 1914
Rec. 16 }

Formally acknowledged

	Date.	Initials.	SUBJECT.
Under Secretary.....	16 Jan	WA	<u>Mongolia</u> Political + commercial situation: British interests, &c. Proposed communication to Russian Govt.
Secretary of State.....	16	P.W.H	
Committee.....			
Under Secretary.....			
Secretary of State.....			

17. I. 14

Copy to

Copy to India

23 JAN 1914

FOR USE BY DEPARTMENTS ONLY.

Off. to FO concurring in proposed communication

19 January 1914. Letter to FO.

Seen Pol Com
10 Feb 14
(with 425)

Previous Papers:—

5199/13

etc

MINUTE.

(1790/13)
The British "case" in regard to Mongolia is conveniently stated in Lt. Alston's despatch No. 437 of 21 Nov. 1913 (flagged below).

Our objects are really twofold:—

- (1) to obtain reasonable openings for British trade in Mongolia; and
- (2) to make what use we can of the Mongolian situation as a means of extracting from Russia increased freedom of action in Tibet.

From the point of view of this Office, (2) is much the more important & ought to be taken up first, as Russia seems more likely to be amenable over Tibet if we approach her before showing our hand regarding Mongolia. In framing demands under (1) — which is a F.O. matter entirely — we shall have to be careful about asking for anything in Mongolia (e.g. direct relations with the Mongolian Govt. at Urga) which might lead to embarrassing counter-demands by Russia in respect of Tibet.

The first step now proposed by the F.O., viz:— a guarded hint to Russia that we regard her proceedings as having modified the status quo in Central Asia, seems suitable.

Immediate

19 Jan. 1914

Spl. 70.

Sir,

In reply to your letter of the
15th January 1914, No. 55281,
I am directed by the S. of S. for I.
to inform you that he concurs
in the terms of the draft
despatch which the S. of S. for F.A.
proposes to address to H.M.'s Amb-
assador at St. Petersburg
regarding the situation in Mongolia
& its effects upon the political status
of Tibet.

(sd) T. W. Holderness.

T. W. Holderness.

In any further communication
on this subject, please quote

No. 55281/13.

and address—

The Under-Secretary of State,
Foreign Office,
London.

FOREIGN OFFICE

January 15. 1914.

Sir:-

With reference to letter No. 55281/1913 of the

24th ultimo from this Department relative to the
action to be taken by His Majesty's Government with
regard to Mongolia, I am directed by Secretary Sir
E. Grey to transmit to you, herewith, to be laid before
the Secretary of State for India, for his observations,
a copy of a draft despatch to His Majesty's Ambassador
at St. Petersburg.

I am,

Sir,

Your most obedient,

humble Servant,

W. Langley

The Under Secretary of State,
India Office.

16 JAN 1914

Registry No. 55281/13.

*This Despatch issued to
St. Petersburg as No 20*

R. O.,

January 1914.

Draft.

Sir G. Buchanan.

Confidential.

No.

*Correspondence with
B.T. and I.O.*

*Despatches from Mr Alston
Nos. 365, 406, & 437*

Sir:-

I transmit to Your Excellency herewith copies of correspondence with the Board of Trade and India Office and of despatches from His Majesty's Chargé d'Affaires at Peking with regard to the effect of the recent Russo-Mongolian and Russo-Chinese Agreements on British commercial interests in Mongolia and on the political status of Tibet.

I am not prepared at the present moment to approach the Russian Government with any definite proposals for a settlement of the questions which seem likely to arise in consequence, as I am at present discussing the details with the Secretary of State for India, but I am anxious that there should be no unnecessary delay in acquainting the Russian Government with

the

the fact that His Majesty's Government consider that the changes which have been effected in the political and commercial situation in Central Asia merit serious attention.

I should therefore be glad if Your Excellency would take an early opportunity of explaining verbally to Monsieur Sazonow that the alteration in the status of Mongolia which has resulted from the recent action of the Russian Government has had an indirect but important effect on the position of Tibet.

British Commercial interests are more over directly affected by the power to regulate industrial and commercial matters secured to the Mongolian Government by Article 3 of the Russo-Chinese Agreement of November 5th, 1912.

In mentioning this question to Monsieur Sazonow Your Excellency might add that His Majesty's Government are of opinion that it will be necessary to discuss these questions

questions with the Russian Government
and propose, after further consideration
to submit a more detailed statement of
their views, and to make certain sugges-
tions with the object of avoiding any
difficulties which may arise from the
altered political and commercial situation.

Minute Paper.

Register No.

5190

Secret Department.

1235

12

Letter from 30

Dated 24 } December 1913.
Rec. 27 }

	Date.	Initials.	SUBJECT.
Under Secretary.....	30 Dec.	MA	Mongolia The commercial situation : openings for British trade.
Secretary of State.....	30	J.W.H	
Committee.....	1. I. 14	E	
Under Secretary			
Secretary of State.....			

Copy to India - 2 Jan. 1914 (intypewriting)
16 Jan (in print)

FOR INFORMATION.

The further communication promised in the last paragraph of the F.O. letter may be awaited.

" p. 9. Question of entering into diplomatic relations with the Mongolian Govt.

" 11. The case for British action

" 14. Attitude of German Govt.

Spec. Pol. Comtee.,
18 JAN 1914

Previous Papers:—

2074

India.

In any further communication
on this subject, please quote

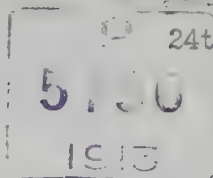
No. 55281/13.

and address—

The Under-Secretary of State,
Foreign Office,
London.

11.5014
2.14
5.72
FOREIGN OFFICE

24th. December, 1913.



Sir:—

With reference to your letter of the 19th. ultimo re-
lative to the action to be taken by His Majesty's Government
with regard to the question of Mongolia, I am directed by
Secretary Sir E. Grey to transmit to you, herewith, for the
information of the Secretary of State for India a copy of a
further despatch on the same subject from His Majesty's
Chargé d'Affaires at Peking.

Sir E. Grey is considering the advisability of address-
ing a communication to the Russian Government on this sub-
ject and a draft despatch to His Majesty's Ambassador at
St. Petersburg will be transmitted to you in due course for
Lord Crewe's concurrence.

I am,

Sir,

Your most obedient,
humble Servant,

Egmont A. Leaver

The Under Secretary of State,
India Office.



THIBET AND MONGOLIA.

5190/13
[December 8.]

CONFIDENTIAL.

SECTION 3.

[55281]

No. 1.

Mr. Alston to Sir Edward Grey.—(Received December 8.)

(No. 437. Very Confidential.)

Sir,

Peking, November 21, 1913.

IN view of the doubt which at present surrounds the future commercial relations between Russia, China, and Mongolia, and in view of the absence of any effective administration in the latter country, I am deferential as to putting forward suggestions called for in your telegram No. 221 of the 6th instant. I have, however, lately had the advantage of talking over the Mongolian situation with Lieutenant Binstead, with the agents of the British-American Tobacco Company in Urga and Kalgan, and with Mr. Ursen, adviser to the Chinese Government on Mongolian affairs. I have already had the honour to report in my despatches Nos. 365 and 406 some of the information obtained from the above sources, and I would now venture to summarise that information with special reference to the possibilities which autonomous Mongolia may offer to British enterprise, and with further reference to the agreements which must necessarily precede any serious expansion of British trade.

It may, I think, be safely stated that an overwhelming proportion of Mongolian trade was, up to the outbreak of the trouble during last year, in the hands of Chinese traders. Such traders formed almost the only channel through which the wants of the Mongolian population were supplied, and they dealt, amongst other things, in British piece-goods and other commodities of British origin.

The rising of the Mongols against Chinese rule was directed in the first instance against Chinese agricultural colonisation. It quickly developed, however, into a general attack on all things Chinese and on the imposition of special disabilities on the Chinese trader. The attack has taken the form both of personal violence and of prohibitive taxation, and has resulted in the practical elimination of Chinese trade from the country.

Under these circumstances it would seem evident that the Mongolian market would fall an easy prey to the enterprise of Russian traders. The Russian authorities, in signing the Urga protocol, doubtless looked forward to a rapid expansion of their Mongolian trade, and their hopes must have appeared amply justified by the fact that Russian goods entering Mongolia from the north would enjoy a preference amounting to 7½ per cent. over other foreign commodities which entered the country via the Chinese frontier. With the question of duties I shall, however, have the honour to deal later in this despatch. What would have appeared to be the natural tendency with regard to Russian trade in Mongolia has not been realised in the event. The natural indolence of the Russian trader, a lack of appreciation of the real wants of the market, and insistence on an unreasonable profit are considered by Lieutenant Binstead to be contributory causes to the failure of Russian enterprise in Mongolia. Even more important causes are probably the rapid internal development of Russia herself and the consequently insignificant surplus of manufactured articles which remain for export, together with the prohibitive freight charges entailed by transport over the Trans-Siberian Railway.

The net result of causes of which the above appear to me to be the most probable has been the almost complete failure of Russian manufactured articles to replace those formerly supplied by the Chinese trader. The latter has been expelled from the field, his place remains vacant, and the Mongol consumer is impatiently demanding goods of which no supply is forthcoming. As proofs of the complete denudation of the market at the present moment I would refer to the large orders from Urga which, as I had the honour to report in my despatch No. 406, have lately been received by the British-American Tobacco Company; to the fact that Lieutenant Binstead was, during his recent journey, asked at every halting place "whether he had anything to sell"; and to the further fact that categorical instructions have recently been issued

[1977 h—3]

15 JAN 1914

Copy to India

16 JAN 1914

(2 Jan a in printing)

by the Hutuktu to all Mongol tribes that every facility is to be given to caravans entering the country with commodities.

Under such circumstances it is legitimate to suppose that the population of Mongolia would welcome the entry of British goods into their market, and that such is indeed the case was the impression derived by Lieutenant Binsteed from conversations with various leading Mongols during his recent journey.

I will therefore assume that a favourable opening for British trade does in reality exist in Mongolia, and will set forth under the following eight headings certain facts with regard to the relative positions of British and Russian trade both prior and subsequent to the secession of Outer Mongolia from the republic, which will make clear the result of recent Russian action, will indicate the disabilities by which British goods are at present hampered, and may, I venture to hope, also indicate the possible methods by which such disabilities may be removed :—

1. Russian goods enter Mongolia from the north.
2. British goods enter Mongolia from the south via Chinese treaty ports and Kalgan.
3. No duty has ever been levied on the northern frontier of Mongolia. Russian goods have therefore entered the country free. The southern frontier of Mongolia has also been free of customs barriers, but British goods, owing to the fact that they pass through the Chinese customs (5 per cent.) and are subsequently forwarded to Kalgan under transit pass (2½ per cent.), have always been penalised to the amount of 7½ per cent. as compared with Russian.
4. Since Mongolia declared her autonomy under Russian auspices the Mongols have been levying duty, variously estimated at from 5 per cent. to 10 per cent., on all goods other than those of Russian origin.
5. The net result of Russian action has therefore been to leave her own trade in the same position as it previously occupied, whereas British trade is penalised to the extent of a further 5 or 10 per cent.
6. British goods placed on the Mongolian market are thus at a disadvantage, amounting to a minimum of 12½ per cent., as compared with Russian.
7. There are indications that, under the present conditions of Russian trade and industry, British goods can compete successfully with Russian even if penalised up to a certain point. They have, in fact, done so up to the present under a penalty of 7½ per cent.
8. It must, however, be remembered that Russian industries are making very rapid progress; that Russia will probably become an exporter of manufactured articles in the not very distant future; and that the relative positions of Russian and British goods in the Mongolian market would, under such circumstances, undergo a complete change.

In view of these facts it would clearly be unwise to acquiesce in a discrimination in favour of Russian trade amounting to the present minimum of 12½ per cent. The possible methods of reducing this discrimination appear to me to be two :—

1. The acceptance by Russia of the obligation to adopt the Mongolian tariff and to pay the same duty as other Powers. In view, however, of the privileged position which Russia has, with the acquiescence of the Powers, always enjoyed in Mongolia, it is clear that she would not permit that position to be adversely affected as the result of her recent efforts. This method would thus appear to be excluded from the range of practical politics.
2. The grant by the Mongolian Government of most-favoured-nation treatment to British goods, such treatment amounting in practice to complete freedom.

As I have had the honour to point out above, there is reason to believe that the Mongols themselves would welcome the advent of British commerce as a means of replenishing the supply of commodities which is now exhausted. There is further reason to believe that they would be far from averse to receiving overtures from foreign Powers with a view to entering into diplomatic relations and to the eventual recognition of their autonomy. In return for recognition of the autonomy of the four Aimaks it is not improbable that the present ruling authorities at Urga would be prepared to grant any reasonable concessions which might be demanded by His Majesty's Government. Judging, however, from the information which I have received regarding the character of the Hutuktu and of the position occupied by that

dignitary and his advisers *vis-à-vis* their Russian tutors, I am of opinion that the former will be unable to exercise any appreciable influence on the course of negotiations which may be entered into by foreign Powers with a view to improving their commercial position in Mongolia. It is thus on Russian goodwill that the outcome of such negotiations would depend, and I regret that the information at my disposal does not enable me to form any accurate opinion as to the attitude which the Russian Government would be likely to adopt in this connection. It is true that Lieutenant Binsteed derived, from conversations with the Russian officials at Urga and on the frontier, the impression that they fully realised the impossibility of Russian industry being capable, for some time to come, of supplying the wants of the Mongolian market. He also gathered, from conversations with the Kiakhta frontier commissioner, that that official strongly favoured the establishment of an Anglo-Russian trading company for the exploitation of Mongolia, the capital of such company to be British, while the management and goods dealt in would be equally divided between the two nationalities. I am unaware whether the views of the frontier commissioner are shared by the Russian Government, or how far the latter would be prepared—because their Mongolian trade is not at the present moment of any great importance—voluntarily to forgo privileges which cannot fail to be of great value in the future, when that trade has reached a normal degree of expansion. Apart, however, from the wishes of the Russian Government on the subject, I venture to submit that their action as a Power which has guaranteed the integrity of China, and as a Power which is closely connected with Great Britain in questions affecting Central Asia generally, has been of such a nature as fully to justify His Majesty's Government in adopting a firm attitude regarding the material results of that action. The Russian action has in fact dealt the first blow to the principle of the integrity of China, and has at the same time attacked the principle of the "open door and equal opportunity," which I understand to be the basis of the policy which His Majesty's Government, in common with other Powers, are pledged to maintain with regard to the Chinese dominions. That the recent action of Russia should not be allowed to result in the erection of a tariff wall (in her own favour) in a part of China where free trade previously obtained is, I venture to submit, essential in the direct interests of British trade with Mongolia, and almost more essential in view of the precedent which it would furnish in the possible event of the secession or absorption of Manchuria or of some other portion of the republic.

I would add that there should be no material difficulty in entering into relations with the Mongolian Government in the event of its being decided, after consultation with the Russian Government, to embark on negotiations for a commercial agreement. It would be necessary for the purpose to despatch a mission to Urga.

Before closing this despatch it is my duty to point out that, even in the event of a favourable agreement with Russia and Mongolia resulting in the grant of freedom to British goods which enter the latter country, such goods would still be penalised to the extent of $7\frac{1}{2}$ per cent. owing to the fact that they pass through a Chinese treaty port.

In view of the fact that Outer Mongolia has apparently gained complete commercial freedom from China, there seems to be no valid reason why the latter should continue to impose full import duties on goods of foreign origin which pass through her territory in transit. A relevant precedent for demanding some form of reduction is furnished by the present regulations governing the passage through Burma of foreign goods in transit for China. In this case a drawback amounting to nine-tenths of the import duty is allowed on such goods on their re-export over the Chinese frontier. A further precedent is furnished by Tonkin, although the reduction in this case is smaller, foreign goods passing through that country and destined for Yunnan paying, I believe, one-fifth of the ordinary import duties.

It appears to me that some agreement with the Chinese Government on the above lines should be a necessary complement to any agreement which may be negotiated with Russia and Mongolia in the interests of British trade.

I would venture, in conclusion, to call attention to the position of Germany in connection with the future commercial status of foreign goods in Mongolia. A German trading establishment already exists in Urga, while German merchants in Tien-tsin and Kalgan do a considerable trade across the Chinese frontier. An official statement was lately made in the Reichstag to the effect that the German Government desired to see Mongolian trade open to all nationalities on an equal footing. It is moreover reported that the special Mongolian mission, now in St. Petersburg, will proceed

thence to Berlin. It is thus clear that the German Government are already alive to the possibilities of the situation, and that it would be necessary to share with them any advantages which His Majesty's Government might secure by negotiation with Russia and Mongolia. Under these circumstances it appears to me that the hands of His Majesty's Government would, in the event of Russian opposition, be strengthened by previous consultation with the German Government.

I have, &c.

B. ALSTON.

Copy.

No.437.

Very Confidential.

(55291)

PEKING,

November 21st 1913.

Sir:-

In view of the doubt which at present surrounds the future commercial relations between Russia, China and Mongolia and in view of the absence of any effective administration in the latter country I am deferential as to putting forward suggestions called for in your telegram No.221 of the 6th instant. I have, however, lately had the advantage of talking over the Mongolian situation with Lieutenant Binsteed, with the agents of the British American Tobacco Company in Urga and Kalgan, and with Mr. Larsen, Adviser to the Chinese Government on Mongolian affairs. I have already had the honour to report in my despatches Nos.365 and 400 some of the information obtained from the above sources and I would now venture to summarize that information with special reference to the possibilities which autonomous Mongolia may offer to British enterprise

The Right Honourable

Sir Edward Grey, Bart., K.G., M.P.

&c., &c., &c.

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It may, I think, be safely stated that an overwhelming proportion of Mongolian trade was, up to the outbreak of the trouble during last year, in the hands of Chinese traders. Such traders formed almost the only channel through which the wants of the Mongolian population were supplied and they dealt, amongst other things, in British piece goods and other commodities of British origin.

The rising of the Mongols against Chinese rule was directed in the first instance against Chinese agricultural colonization. It quickly developed, however, into a general attack on all things Chinese and on the imposition of special disabilities on the Chinese trader. The attack has taken the form both of personal violence and of prohibitive taxation and has resulted in the practical elimination of Chinese trade from the country.

Under these circumstances it would seem evident that the Mongolian market would fall an easy prey to the

enterprise

enterprise of Russian traders. The Russian authorities, in signing the Urga Protocol, doubtless looked forward to a rapid expansion of their Mongolian trade and their hopes must have appeared amply justified by the fact that Russian goods entering Mongolia from the North would enjoy a preference amounting to 7½% over other foreign commodities which entered the country viâ the Chinese frontier. With the question of duties I shall, however, have the honour to deal later in this despatch. What would have appeared to be the natural tendency with regard to Russian trade in Mongolia has not been realized in the event. The natural indolence of the Russian trader, a lack of appreciation of the real wants of the market and insistence on an unreasonable profit are considered by Lieutenant Binstead to be contributory causes to the failure of Russian enterprise in Mongolia. Even more important causes are probably the rapid internal development of Russia herself and the consequently insignificant surplus of manufactured articles which remain for export together with the prohibitive freight charges entailed by transport over the Trans-Siberian Railway.

The

14977

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1. Russian goods enter Mongolia from the North.
2. British goods enter Mongolia from the South viâ Chinese Treaty Ports and Kalgan.

(7)

3. No duty has ever been levied on the Northern frontier of Mongolia. Russian goods have therefore entered the country free. The Southern frontier of Mongolia has also been free of Customs barriers, but British goods, owing to the fact that they pass through the Chinese Customs (5%) and are subsequently forwarded to Kalgan under transit pass (2½%), have always been penalized to the amount of 7½% as compared with Russian.

4. Since Mongolia declared her autonomy, under Russian auspices, the Mongols have been levying duty variously estimated at from 5% to 10% on all goods other than those of Russian origin.

5. The net result of Russian action has therefore been to leave her own trade in the same position as it previously occupied, whereas British trade is penalized to the extent of a further 5% or 10%.

6. British goods placed on the Mongolian market are thus at a disadvantage amounting to a minimum of 12½% as compared with Russian.

7. There are indications that, under the present conditions of Russian trade and industry, British goods can
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8. It must, however, be remembered that Russian industries are making very rapid progress, that Russia will probably become an exporter of manufactured articles in the not very distant future and that the relative positions of Russian and British goods in the Mongolian market would, under such circumstances, undergo a complete change.

In view of these facts it would clearly be unwise to acquiesce in a discrimination in favour of Russian trade amounting to the present minimum of 11½%. The possible methods of reducing this discrimination appear to me to be three:-

1. The acceptance by Russia of the obligation to adopt the Mongolian tariff and to pay the same duty as other Powers. In view, however, of the privileged position which Russia has, with the acquiescence of the Powers, always enjoyed in Mongolia, it is clear that she would not permit that position to be adversely affected as the result of her recent efforts. This method would thus appear to

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I am unaware whether the views of the Frontier Commissioner are shared by the Russian Government or how far the latter would be prepared, because their Mongolian trade is not at the present moment of any great importance, voluntarily to forego privileges which cannot fail to be of great value in the future when that trade has reached a normal degree of expansion. Apart, however, from the wishes of the Russian Government on the subject, I venture to submit that their action as a Power which has guaranteed the integrity of China and as a Power which is closely connected with Great Britain in questions affecting Central Asia generally has been of such a nature as fully to justify His Majesty's Government in adopting a firm attitude regarding the material results of that action. The Russian action has in fact dealt the first blow to the principle of the integrity of China and has at the same time attacked the principle of the "open door and equal opportunity" which I understand to be the basis of the policy which His Majesty's Government in common with other Powers are pledged to maintain with regard to the Chinese dominions. That the recent action of Russia should

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I would add that there should be no material difficulty in entering into relations with the Mongolian Government, in the event of its being decided after consultation with the Russian Government to embark on negotiations for a commercial agreement. It would be necessary for the purpose to despatch a Mission to Urga.

Before closing this Despatch, it is my duty to point out that, even in the event of a favourable agreement with Russia and Mongolia resulting in the grant of freedom to British goods which enter the latter country, such goods would still be penalized to the extent of 7½% owing to the fact that they pass through a Chinese Treaty Port.

In view of the fact that Outer Mongolia has apparently gained complete commercial freedom from
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Mongolia.

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It is thus clear that the German Government are already alive to the possibilities of the situation and that it would be necessary to share with them any advantages which His Majesty's Government might secure by negotiation with Russia and Mongolia.

Under these circumstances it appears to me that the hands of His Majesty's Government would, in the event of Russian opposition, be strengthened by previous consultation with the German Government.

I have &c.,

(Signed) B. Alston.

Register No.

4614^a

Put away with 1235
Secret Department.

Letter from F.O. 49310

Dated 7 } Nov 1913.
Rec. 8 }

Formally acknowledged

	Date.	Initials.	SUBJECT
Under Secretary.....	17 Nov.	Att	Mongolia The Russo-Chinese Agreement. Measures proposed to secure fair terms for British trade under the new conditions.
Secretary of State.....	17	P. W. H.	
Committee.....			
Under Secretary.....			
Secretary of State.....			

Copy to India 7 + 21 Nov '13.

Sign
C 18 XI 13

FOR USE BY DEPARTMENTS ONLY.

Off. to F.O. concurring with comments.

19 November 1913. Letter to F.O.

Seen Rol Lance
25 Nov 1913

Previous Papers:—

4569 etc

MINUTE.

As regards Tibet, the procedure contemplated is to commend our proposals (when we are in a position to do so) to the Russian Govt. as the natural outcome of the changed situation brought about in Tibet by Chinese proceedings. If Russia takes exception (on the ground on the strength of the Anglo-Russian agreement), it is proposed to argue that the status quo has entirely altered since the agreement was signed 6 years ago, & to cite the case of Mongolia as analogous to that of Tibet, in that Chinese action has in both countries created such a situation that the hinsichliche Power has no option but to intervene. But one demand in respect of Tibet will not be represented ~~in any sense~~ as a quid pro quo for Russian proceedings in Mongolia.

This being so, the new talker of the F.O. is understood to be that we can safely claim the right to negotiate direct with China

24
Solia without fear of being embarrassed
by a ~~de~~ counter-claim by Russia for direct
negotiation with Tibet. The two countries,
as M. Sazonov has said, are not in pari
materia, not only because there is no
Anglo-Russian agreement regarding Mongolia
(which is what M. Sazonov meant), but also
because Mongolia has hitherto been on the
same footing as the rest of China, &
any change in its status is a matter of
concern to all Powers having treaty rights
in China.

Off. 70.

1-0

19 November, 1913

Sir,

I am directed by the S. of S. for India to acknowledge the receipt of your letter of the 7th Nov. 1913, No. 49310, regarding the situation in Mongolia consequent upon the conclusion of the Russo-Chinese Agreement on the 5th inst.

The Marquess of Crewe agrees with the S. of S. for Foreign Affairs that it is not desirable to couple the Tibetan question with that of Mongolia at the present stage. But as it seems likely that the former question will shortly have to be taken up with the Russian Govt., there might be advantage in deferring any communication to them on the subject of Mongolia until their ^{attitude} ~~views~~ in regard to Tibet have been ascertained. H.T.

Copy to India
21 NOV 1913

Wd

we therefore suggest for Sir E. Grey's consideration that this matter should be held in abeyance for the time being.

Turning to consider on their merits the steps recommended in your letter, 2^d Crew is scarcely in a position to estimate the importance of British Commercial interests in Mongolia. He agrees, however, as to the desirability of maintaining the "open door" for British trade; and he sees no objection to the course of action proposed, provided Sir E. Grey is satisfied ^{that} direct negotiation with the Mongolian Govt. will not, in the event of our citing the analogy of Russian proceedings in Mongolia, in support of our proposals regarding Tibet, lead to a demand by Russia for similar

^{similar)}
Direct negotiation with the
authorities at Lhasa.

(sd) T. W. Holderness.

In any further communication
on this subject, please quote

No. 49310/13.

and address—

The Under-Secretary of State,
Foreign Office,
London.

FOREIGN OFFICE

November 7, 1913.

4614

1913

Sir:—

I am directed by Secretary Sir E. Grey to transmit to you, herewith, to be laid before the Secretary of State for India, a copy of a Despatch from His Majesty's Chargé d'Affaires at Peking respecting the situation in Mongolia, and of a telegram giving a summary of the agreement between Russia and China on this subject which is to be signed shortly.

Sir E. Grey is consulting the Board of Trade in the letter of which a copy is enclosed, as to the commercial aspects of this question, and would be glad to be informed as to Lord Crewe's views on the political aspect.

He would propose, as soon as the Russo-Chinese Agreement is signed, and subject to the concurrence of Lord Crewe and the Board of Trade, to instruct His Majesty's Chargé d'Affaires at Peking to get into touch with the Mongolian Government

with

The Under Secretary of State,

India Office.

Copy to India

21 NOV 1913

Tibet Print

(Sec. 2, Nov 7.)



(49310/13).

with a view to the recognition of their autonomy and to the conclusion of an arrangement securing fair terms and the maintenance of the "open door" for British Commerce.

At the same time he would propose to inform the Russian Government that His Majesty's Government are prepared to accord a favourable reception to the Russo-Chinese agreement and to the Russo-Mongolian treaty and protocol of 1912, on condition that fair terms for British commerce are secured, a result which they propose to attain by negotiation with the autonomous Mongolian Government.

Sir E. Grey has taken into consideration the possibility of making terms with Russia with regard to the Tibetan question in connexion with the Russo-Chinese agreement, but is of the opinion that it would be unwise to do so at present in view of the declared attitude of the Russian Government and the views expressed by Monsieur Sazonoff in his interviews with Sir E. Grey and Lord Crewe.

This would not, however, preclude His Majesty's Government from pointing out to the Russian Government, should the necessity arise, that the same reason which has forced the

Russian

See pp. 9 & 11

of F.O. Print

summarising the

conversations

Sept. 1912.

4097/12

(49310/13).

Russian Government to stipulate with China for an 'autonomous Mongolia, forces His Majesty's Government to make the same stipulation with regard to Tibet, in doing which they are not, as long as they do not ask for anything in Tibet beyond the scope of the pre-existing convention, taking any action contrary to the terms of the Anglo-Russian Agreement.

Sir E. Grey has sent the enclosed telegram to Mr. Alston requesting his views on these proposals.

I am,

Sir,

Your most obedient,

humble Servant,

W. Langley

(4614)

CONFIDENTIAL

P 4614
13

Mr. Alston to Sir Edward Grey.—(Received November 8, 11:30 A.M.)

Peking, November 8, 1913.

(No. 246. Very Confidential.) K.

(November 8, 11:30 A.M.)

GOVERNMENT of India's telegram of 6th November.

I have obtained the text of the Russo-Chinese Agreement very confidentially from the Japanese Minister, as the Russian Minister declined to communicate it at present. I am posting copies to-day, and can telegraph it if desired, but I find that Reuter's version telegraphed to London on 5th November is verbatim correct. I understand that it will have been repeated to India from London.

The Russian Minister has shown me on Map 22, China, Inland Mission Series, that the frontier of Outer Mongolia, which comprises the four aimaks of Sassaktu, Sainnoin, Tu-che-tu, and Tsetsen, practically coincides with [?] boundaries as dotted on that map. Exact definition remains to be settled at the proposed conference, but the western frontier is, roughly, the Altai range. The southern frontier follows the dotted line in the middle of the Desert of Gobi.

(Sent to India.)

THIBET AND MONGOLIA.

CONFIDENTIAL.

4614
13
[November 7.]

SECTION 1.

[49310]

No. 1.

Foreign Office to Board of Trade.

(Confidential.)

Sir,

Foreign Office, November 7, 1913.

I AM directed by Secretary Sir E. Grey to transmit to you herewith, to be laid before the Board, a copy of a despatch from His Majesty's Chargé d'Affaires at Peking with respect to the situation in Mongolia* and of a telegram giving a summary of the agreement between Russia and China on this subject which is to be signed shortly.†

Sir E. Grey is consulting the Secretary of State for India with regard to the political aspects of the question, and proposes, should he concur, to instruct His Majesty's Chargé d'Affaires at Peking, as soon as the Russo-Chinese Agreement is signed, to get into touch with the Mongolian Government with a view to recognising their autonomy and to concluding an arrangement securing fair terms and the maintenance of the "open door" for British commerce.

At the same time he would propose to inform the Russian Government that His Majesty's Government are prepared to accord a favourable reception to this agreement and to the Russo-Mongolian treaty and protocol of 1912, on condition that fair terms are secured for British commerce—a result which they propose to attain by negotiation with the autonomous Mongolian Government.

Sir E. Grey would be glad to be furnished with any observations which the Board may desire to make on these proposals, and with any suggestions they may wish to offer as to the form of any eventual commercial arrangement with the Mongolian Government.

The enclosed telegram has been sent to Mr. Alston requesting his views on these proposals.‡

I am, &c.

W. LANGLEY.

* Mr. Alston, No. 365, September 20, 1913.

† Mr. Alston, No. 240 (Telegraphic), October 30, 1913.

‡ To Mr. Alston, No. 221 (Telegraphic), November 6, 1913 [49310].

[1946 g—1]

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CONFIDENTIAL.

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Sir Edward Grey to Mr. Alston (Peking).

(No. 221.)

Foreign Office, November 6, 1913, 3.20 p.m.

YOUR telegram No. 240 of 30th October and your despatch No. 365 of 20th September.

I have proposed to the India Office and Board of Trade that as soon as the Russo-Chinese Agreement is signed you should take steps to get into touch with the Mongolian Government with a view to recognising their autonomy and securing fair terms for British commerce.

I should propose at the same time to inform the Russian Government that His Majesty's Government were prepared to accord a favourable reception to the Russo-Chinese Agreement and the Russo-Mongolian Treaty and protocol, provided that a satisfactory commercial arrangement can be arrived at with the autonomous Mongolian Government, who were being approached in the matter.

I should be glad of your views on these proposals and of any suggestions you can offer as to the form and scope of any eventual commercial agreement with Mongolia.

(Sent to India.)

Russo-Chinese Declaration, 5 Nov. 1913

[B]

THIBET AND MONGOLIA.

[November 17.]

CONFIDENTIAL.

SECTION 1.

[52093]

No. 1.

Mr. O'Beirne to Sir Edward Grey.—(Received November 17.)

(No. 338. Confidential.)

Sir,

St. Petersburg, November 9, 1913.

I HAVE the honour to transmit to you herewith, with reference to my despatch No. 330 of the 30th ultimo, copy of the declaration signed at Peking on the 23rd October (5th November), 1913, by the Russian Minister at Peking and the Chinese Government respecting Mongolia.

In furnishing me with the text of this instrument, M. Nératof requested that it might be treated as confidential until it should be published.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 1.

Declaration.

M. KROUPENSKY, Ministre de Russie à Pékin, et M. Sun-pao-chi, Ministre des Affaires Étrangères de Chine, ont signé, le 23 octobre (5 novembre), 1913, à Pékin, une déclaration dont les clauses sont comme suit :

1. La Russie reconnaît la suzeraineté du Gouvernement chinois sur la Mongolie Extérieure.

2. La Chine reconnaît l'autonomie de la Mongolie Extérieure.

3. Reconnaissant le droit exclusif des Mongols eux-mêmes de pourvoir à l'administration intérieure de la Mongolie Extérieure autonome et de régler toutes les questions d'ordre commercial et industriel touchant à ce pays, la Chine s'engage à ne pas intervenir dans ces matières et, par conséquent, n'enverra pas de troupes dans la Mongolie Extérieure n'y entretiendra aucun fonctionnaire civil ou militaire et s'abstiendra de toute colonisation de ce pays. Il est, cependant, entendu qu'un dignitaire envoyé par le Gouvernement chinois pourra résider à Ourga accompagné du personnel subalterne nécessaire et d'une escorte. En outre, le Gouvernement chinois, en cas de besoin, pourra entretenir dans certaines localités de la Mongolie Extérieure, à définir au cours des pourparlers prévus à l'article 5 du présent accord, des agences pour la protection des intérêts de ses sujets.

La Russie, de son côté, s'engage à ne pas maintenir de troupes en Mongolie Extérieure à l'exception des gardes consulaires, à n'intervenir dans aucune partie de l'administration de ce pays et à s'abstenir de le coloniser.

4. La Chine se déclare prête à accepter les bons offices de la Russie pour établir ses relations avec la Mongolie Extérieure conformément aux principes ci-dessus énoncés et aux stipulations du Protocole commercial russo-mongol du 21 octobre, 1912.

5. Les questions qui ont trait aux intérêts de la Russie et de la Chine dans la Mongolie Extérieure et qui sont créées par le nouvel état de choses dans ce pays feront l'objet de pourparlers ultérieurs.

6. Un échange de notes séparées a eu lieu en même temps entre M. Kroupensky et M. Sun-pao-chi, qui contiennent les stipulations suivantes :

"La Russie reconnaît que le territoire de la Mongolie Extérieure fait partie du territoire de la Chine.

"La Mongolie Extérieure autonome comprendra les régions qui ont été sous la juridiction de l'Amban chinois d'Ourga, du Général tartare d'Ouliassoutaï et de l'Amban chinois de Kobdo.

"Vu qu'il n'existe pas de cartes détaillées de la Mongolie et que les limites des divisions administratives de ce pays sont incertaines, il est convenu que les limites exactes de la Mongolie Extérieure, ainsi que la délimitation entre le district de Kobdo et le district de l'Altaï, feront l'objet des pourparlers ultérieurs prévus à l'article 5 de la déclaration.

"Il est entendu que les pourparlers prévus à l'article 5 de la déclaration auront lieu entre les trois parties intéressées, qui à cet effet désigneront un lieu pour la réunion de leurs délégués.

"En ce qui concerne les questions d'ordre politique et territorial touchant à la Mongolie Extérieure, le Gouvernement chinois se mettra d'accord avec la Russie par des négociations auxquelles les autorités de la Mongolie Extérieure prendront part."

Ces deux documents, devant être publiés prochainement par les parties contractantes, le Ministère Impérial des Affaires Etrangères a l'honneur de prier l'Ambassade d'Angleterre de considérer sa présente communication comme confidentielle.

Saint-Pétersbourg, le 26 octobre (8 novembre), 1913.

[This Document is the Property of His Britannic Majesty's Government.]

AFFAIRS OF CHINA.

[November 11.]

CONFIDENTIAL.

SECTION 4.

[47892]

No. 1.

Sir G. Buchanan to Sir Edward Grey.—(Received November 11.)

(No. 231.)

Sir,

St. Petersburg, November 8, 1912.

I HAVE the honour to transmit herewith copy of an *aide-mémoire* covering the text of the recently signed Russo-Mongolian Agreement, which has been communicated to His Majesty's Embassy by the Imperial Ministry for Foreign Affairs.

I have, &c.

GEORGE W. BUCHANAN.

Enclosure in No. 1.

Aide-mémoire communicated to Sir G. Buchanan by M. Sazonof.

LES traités que la Russie a conclus avec la Chine en 1869 et en 1881 accordent aux sujets russes en Mongolie le droit de circuler librement dans ce pays et d'y faire le commerce. Dernièrement le Gouvernement chinois a cru pouvoir refuser à la Russie ces droits dans les parties de la Mongolie qu'il soumettait au même régime administratif que celui de la Chine intérieure. C'est ainsi qu'à la suite de l'incorporation de la principauté mongole de Djassaktou, dans la province de Moukden, sous le nom de district de Tao-nan-fou le Gouvernement chinois a soutenu que par le fait de ce changement administratif les sujets russes avaient perdu le droit d'y séjourner, la ville de Tao-nan-fou n'étant pas ouverte au commerce étranger. Le Gouvernement russe s'est vu alors dans la nécessité de chercher dans une opposition aux changements du *statu quo* administratif en Mongolie des garanties contre de pareilles violations de ses droits acquis en vertu de traités.

Aussi, lorsque les Mongols ont proclamé à Ourga leur indépendance de la Chine, le Gouvernement Impérial a fait comprendre au Gouvernement de Pékin que la Russie ne pouvait admettre la restitution du pouvoir chinois dans la Mongolie extérieure qu'à la condition que le Gouvernement chinois prit sur lui l'obligation de ne pas introduire d'administration chinoise dans ce pays, de ne pas y envoyer ses troupes et de ne pas coloniser les terres mongoles avec les Chinois, ces conditions paraissant fournir des garanties suffisantes contre la répétition d'incidents pareils à celui de Tao-nan-fou. Le Gouvernement chinois ayant refusé jusqu'ici d'entrer en négociations avec la Russie au sujet de ces garanties, le Gouvernement Impérial s'est vu obligé de traiter directement avec le Gouvernement de fait établi à Ourga pour définir les droits des sujets et du commerce russe dans les régions où l'autorité du Gouvernement mongol avait remplacé celle de la Chine. S'inspirant des mêmes considérations que celles qu'il avait fait connaître au Gouvernement de Pékin, le Gouvernement russe a promis aux Mongols son concours pour le maintien de la constitution nationale et historique de leur pays.

Un accord a été conclu à cet effet à Ourga le 21 octobre courant entre le plénipotentiaire russe M. Korostovetz et le Gouvernement mongol. Un protocole y annexé confirme et définit les droits et les privilèges qui appartiennent aux sujets russes en Mongolie en vertu des traités russo-chinois.

L'accord en question n'a pour but que de sauvegarder les droits russes en Mongolie, où la Russie a des intérêts politiques et économiques importants. Si le Gouvernement chinois adhère aux principes y énoncés, le Gouvernement Impérial est prêt à ne pas s'opposer à ce qu'un accord puisse intervenir entre la Chine et les Mongols au sujet des conditions de la reconnaissance par ceux-ci de la suzeraineté chinoise. Le Gouvernement russe aime à croire, par conséquent, que le Gouvernement anglais fera audit Acte un accueil favorable.

Le texte de l'accord du 21 octobre se trouve ci-inclus.

Saint-Petersbourg, le 25 octobre (7 novembre), 1912.

Accord.

PAR suite du désir unanimement proclamé par les Mongols de maintenir la constitution nationale et historique de leur pays, les troupes et les autorités chinoises furent obligées d'évacuer le territoire mongol, et Djebzoun Damba-Khutukhta fut proclamé Souverain du peuple mongol. Les anciens rapports entre la Mongolie et Chine prirent ainsi fin.

A l'heure actuelle, prenant en considération les faits ci-dessus exposés ainsi que l'amitié réciproque qui a toujours existé entre les peuples russe et mongol, et vu la nécessité de définir exactement le régime auquel est soumis le commerce mutuel russo-mongol ;

Le Conseiller d'État actuel Jean Korostovetz, dûment autorisé à cet effet par le Gouvernement Impérial de Russie ; et

Le protecteur des dix mille doctrines Sain-noin Khan Namnan-Souroun, Président du Conseil des Ministres mongol ;

Le plénipotentiaire Tchinsouzkoutou Tzin-van Lama Tzerin-Tchimet, Ministre de l'Intérieur ;

Le plénipotentiaire Daitzin-van Handa-dorji, ayant le grade de Khan-erdeni, Ministre des Affaires Étrangères ;

Le plénipotentiaire Erdeni Dalai Tzun-van Gombo-Souroun, Ministre de la Guerre ;

Le plénipotentiaire Touchetou Tzun-van Tchakdorjab, Ministre des Finances ; et

Le plénipotentiaire Erdeni Tzun-van Namsarai, Ministre de la Justice ;

Dûment autorisés par le Souverain du peuple mongol, par le Gouvernement mongol, et par les Princes gouvernants, se sont entendus sur ce qui suit :—

ARTICLE 1^{er}.

Le Gouvernement Impérial de Russie prêterait son concours à la Mongolie pour conserver le régime autonome qu'elle a établi, ainsi que le droit d'avoir son armée nationale et de n'admettre sur son territoire ni la présence des troupes chinoises ni la colonisation de ses terres par les chinois.

ARTICLE 2.

Le Souverain de Mongolie et le Gouvernement mongol accorderont, comme par le passé aux sujets et au commerce russes la jouissance dans leurs possessions des droits et des privilèges qui sont énumérés dans le protocole ci-annexé.

Il est bien entendu qu'il ne sera pas accordé à d'autres sujets étrangers en Mongolie plus de droits que ceux dont y jouiront les sujets russes.

ARTICLE 3.

Si le Gouvernement mongol trouvait nécessaire de conclure un traité séparé avec la Chine ou une autre Puissance étrangère, ce nouveau traité ne devra en aucun cas ni porter atteinte aux clauses du présent accord et du protocole y annexé, ni les modifier sans le consentement du Gouvernement Impérial de Russie.

ARTICLE 4.

Le présent accord amical entrera en vigueur à partir du jour de sa signature.

En foi de quoi les plénipotentiaires respectifs, ayant comparé les deux textes, russe et mongol, du présent accord, fait en deux exemplaires, et ayant trouvé ces deux textes conformes, les ont signés y ont apposé leurs sceaux et ont échangé ces textes.

Fait à Ourga, le 21 octobre, 1912, correspondant au 24^e jour du dernier mois d'automne de la 2^e année du règne de l'Unanimement Proclamé du calendrier mongol.

[This Document is the Property of His Britannic Majesty's Government.]

AFFAIRS OF CHINA.

[December 4.]

CONFIDENTIAL.

SECTION 6.

[51698]

No. 1.

Sir G. Buchanan to Sir Edward Grey.—(Received December 4.)

(No. 354.)

St. Petersburg, December 1, 1912.

Sir,

WITH reference to my despatch No. 331 of the 8th ultimo, I have the honour to transmit to you herewith translation of the protocol annexed to the Russo-Mongolian agreement of the 21st October (3rd November) last.

The Russian Government in forwarding this document to me request that, until it be published, it may be considered as confidential.

I have, &c.

GEORGE W. BUCHANAN.

Enclosure in No. 1.

Protocol annexed to Russo-Mongolian Agreement of the 21st October (3rd November), 1912.

BY virtue of the enactment of the second article of the agreement, signed on this date between Actual State Councillor, Ivan Korostovets, Plenipotentiary of the Imperial Russian Government, and the President of the Council of Ministers of Mongolia, Sain-noin Khan Nannan-Souroun; the Protector of ten thousand doctrines; the Plenipotentiary and Minister of the Interior, Tchin-souzouktou Tzin-van Lama Tzerin-Tchimet; the Plenipotentiary and Minister for Foreign Affairs, Daitzin-van Handa-dorji of the rank of Khan-erdeni; the Plenipotentiary and Minister for War, Erdeni Dalai tzun-van Gombo-Souroun; the Plenipotentiary and Minister of Finance, Touchetou Tzun-van Tchakdorjab; and the Plenipotentiary and Minister for Justice, Erdeni tzun-van Namsarai, on the authority of the Ruler of Mongolia, the Mongol Government, and the Ruling Princes; the above-named Plenipotentiaries have come to an agreement respecting the following articles, in which are set forth the rights and privileges, some of which are already enjoyed by Russian subjects in Mongolia, and the rights and privileges of Mongol subjects in Russia:—

ARTICLE 1.

Russian subjects, as formerly, shall enjoy the right to reside and move from one place to another freely throughout Mongolia; to engage there in every kind of commercial, industrial, and other business; and to enter into agreements of various kinds, whether with individuals, or firms, or institutions, official or private, Russian, Mongol, Chinese, or foreign.

ARTICLE 2.

Russian subjects, as formerly, shall enjoy the right at all times to import and export without payment of import and export dues, every kind of product of the soil and industry of Russia, Mongolia and China, and other countries, and to trade freely in them without payment of any duties, taxes, or other dues.

The enactments of this (2nd) article shall not extend to combined Russo-Chinese undertakings, or to Russian subjects falsely declaring themselves to be owners of wares not their property.

ARTICLE 3.

Russian credit institutions shall have the right to open branches in Mongolia, and to perform all kinds of financial and other operations, whether with individuals, institutions, or companies.

ARTICLE 4.

Russian subjects may conclude purchases and sales in cash or by an exchange of wares (barter), and they may conclude agreements on credit. Neither "khoshuns" nor the Mongol Treasury shall be held responsible for the debts of private individuals.

ARTICLE 5.

The Mongol authorities shall not preclude Mongols or Chinese from completing any kind of commercial agreement with Russian subjects, from entering into their personal service, or into commercial and industrial undertakings formed by them. No rights of monopoly as regards commerce or industry shall be granted to any official or private companies, institutions, or individuals in Mongolia. It is, of course, understood that companies and individuals who have already received such monopolies from the Mongol Government previous to the conclusion of this agreement shall retain their rights and privileges until the expiry of the period fixed.

ARTICLE 6.

Russian subjects shall be everywhere granted the right, whether in towns or "khoshuns," to hold allotments on lease, or to acquire them as their own property for the purpose of organising commercial industrial establishments, and also for the purpose of constructing houses, shops, and stores. In addition, Russian subjects shall have the right to lease vacant lands for cultivation. It is, of course, understood that these allotments shall be obtained and leased for the above-specified purposes, and not for speculative aims. These allotments will be assigned by agreement with the Mongol Government in accordance with existing laws of Mongolia everywhere, with the exception of sacred places and pasture lands.

ARTICLE 7.

Russian subjects shall be empowered to enter into agreements with the Mongol Government respecting the working of minerals and timber, fisheries, &c.

ARTICLE 8.

The Russian Government shall have the right, in agreement with the Government of Mongolia, to appoint consuls in those parts of Mongolia it shall deem necessary.

Similarly, the Mongol Government shall be empowered to have Government agents at those frontier parts of the Empire where, by mutual agreement, it shall be found necessary.

ARTICLE 9.

At points where there are Russian consulates, as also in other localities of importance for Russian trade, there shall be allotted, by mutual agreement between Russian consuls and the Mongol Government, special "factories" for various branches of industry and the residence of Russian subjects. These "factories" shall be under the exclusive control of the above-mentioned consuls, or heads of Russian commercial companies if there be no Russian consul.

ARTICLE 10.

Russian subjects, in agreement with the Mongol Government, shall retain the right to institute, at their own cost, a postal service for the despatch of letters and the transit of wares between various localities in Mongolia and also between specified localities and points on the Russian frontier. In the event of the construction of "stages" and other necessary buildings, the regulations set forth in article 6 of this protocol must be duly observed.

ARTICLE 11.

Russian consuls in Mongolia, in cases of need, shall avail themselves of Mongolian Government postal establishments for the despatch of official correspondence, messengers, and other official requirements, provided that the gratuitous requisition for this purpose shall not exceed one hundred horses and thirty camels per month. On

every occasion, a courier's passport must be obtained from the Government of Mongolia. When travelling, Russian consuls, and Russian officials in general, shall avail themselves of the same establishments upon payment. The right to avail themselves of Mongol Government "stages" shall be extended to private individuals who are Russian subjects upon payment for the use of such "stages" in amounts which will be determined in agreement with the Mongol Government.

ARTICLE 12.

Russian subjects shall be granted the right to sail their own merchant vessels, and to trade with the inhabitants along the banks, on those rivers and their tributaries which, running first through Mongolia, subsequently enter Russian territory. The Russian Government will afford the Government of Mongolia assistance in the improvement of navigation on these rivers, the establishment of the necessary beacons, &c. The Mongol Government authorities will assign on these rivers those places necessary for the berthing of vessels, construction of wharves and warehouses, for the preparation of fuel, &c., being guided on these occasions by the enactments of article 6 of the present protocol.

ARTICLE 13.

Russian subjects shall have the right to avail themselves of all land and water routes for the carriage of wares and the droving of cattle; and, upon agreement with the Mongol authorities, they may construct, at their own cost, bridges, ferries, &c., with the right to impose a special due from persons crossing over.

ARTICLE 14.

Travelling cattle, the property of Russian subjects, may be halted for the purpose of resting and feeding. In the event of prolonged halts being necessary, the local authorities will assign proper pasturage areas along travelling cattle routes, and at trading points for stock. Fees will be exacted for the use of these pasturing areas for periods exceeding three months.

ARTICLE 15.

The established usage of the Russian frontier population of harvesting (hay), as also hunting and fishing, across the Mongol border shall remain in force in the future without any alteration.

ARTICLE 16.

Agreements between Russian subjects and institutions on the one side and Mongols and Chinese on the other may be concluded verbally or in writing, and the contracting parties may present the agreement concluded to the local Government authorities for authentication. Should the latter see any objection towards certifying the contract, they must immediately notify the fact to a Russian consul, and the misunderstanding which has arisen shall be settled in agreement with him.

It is hereby laid down that contracts respecting real estate must be in written form, and presented for authentication and confirmation to the proper Mongol Government authorities and a Russian consul. Documents bestowing rights to work the natural wealth require confirmation of the Government of Mongolia.

In the event of disputes arising over agreements concluded verbally or in writing, the parties may settle the matter amicably with the assistance of arbitrators selected by each party. Should no settlement be reached by this method, the matter shall be decided by a mixed legal commission.

Mixed legal commissions shall be permanent and temporary. Permanent commissions shall be instituted at points of residence of Russian consuls, and shall consist of the consul, or his representative, and a delegate of the authorities of Mongolia of corresponding rank. Temporary commissions shall be opened outside the points specified as cases arise, and shall consist of representatives of a Russian consul and the prince of that "khoshun" to which the defendant belongs or in which he resides. Mixed commissions shall be empowered to call as experts informed persons from among Russian subjects, Mongols, and Chinese. The decision of mixed legal commissions shall be put into execution without delay, in the case of Russian subjects through a Russian consul, and in the case of Mongols and Chinese through the prince of the "khoshun" to which the defendant belongs or in which he is resident.

ARTICLE 17.

The present protocol shall come into force from the date of its signature.

In verification of the above, the respective plenipotentiaries, finding, upon comparison of the two parallel texts of the present protocol—Russian and Mongol—drawn up in duplicate, that the texts are conformable, have signed each of them, affixed their seals, and exchanged texts.

Executed at Urga, the 21st October, 1912 (o.s.), and by the Mongol calendar, on the twenty-fourth day of the last autumn moon, in the second year of the administration of the "Raised by all."

In the original follow the signature of M. Korostovets, Minister Plenipotentiary; and in the Mongol language the signatures of the President of the Mongol Council of Ministers, and the Plenipotentiaries, the Ministers of the Interior, Foreign Affairs, War, Finance, and of Justice.

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Russo-Chinese Treaty, 1881

TREATY between Russia and China, respecting the Re-establishment of the Authority of the Chinese Government in the Country of Ili; Boundary; Consuls; Commerce; Frontier Trade; &c.—Signed at St. Petersburg, February $\frac{1}{2}$, 1881.

[Ratifications exchanged at St. Petersburg, August $\frac{1}{19}$, 1881.]

SA Majesté l'Empereur et Autocrate de Toutes les Russies et Sa Majesté l'Empereur de la Chine, désirant régler quelques questions de frontière et de commerce touchant aux intérêts des deux Empires, afin de cimenter les rapports d'amitié entre les deux pays, ont nommé pour leurs Plénipotentiaires, à l'effet d'établir un accord sur ces questions :

Sa Majesté l'Empereur de Toutes les Russies, son Secrétaire d'État, Nicolas de Giers, Sénateur, Conseiller Privé actuel, dirigeant le Ministère Impérial des Affaires Étrangères; et son Envoyé Extraordinaire et Ministre Plénipotentiaire près Sa Majesté l'Empereur de la Chine, Eugène de Butzow, Conseiller d'État actuel;

* See Portaria of the Governor-General of Mozambique of August 2, 1875. Vol. LXVII. Page 1291.

Et Sa Majesté l'Empereur de la Chine, Tséng, Marquis de Neyoung, Vice-Président de la Haute Cour de Justice, son Envoyé Extraordinaire et Ministre Plénipotentiaire près Sa Majesté l'Empereur de Toutes les Russies, muni de pouvoirs spéciaux pour signer le présent Traité en qualité d'Ambassadeur Extraordinaire;

Les susdits Plénipotentiaires, munis de pleins pouvoirs qui ont été trouvés suffisants, sont convenus des stipulations suivantes:—

ART. I. Sa Majesté l'Empereur de Toutes les Russies consent au rétablissement de l'autorité du Gouvernement Chinois dans le pays d'Ili, temporairement occupé, depuis 1871, par les armées Russes.

La Russie reste en possession de la partie occidentale de ce pays, dans les limites indiquées à l'Article VII du présent Traité.

II. Sa Majesté l'Empereur de la Chine s'engage à décréter les mesures propres à mettre les habitants du pays d'Ili, à quelque race et à quelque religion qu'ils appartiennent, à l'abri de toute poursuite, dans leurs biens ou dans leurs personnes, pour actes commis durant ou après les troubles qui ont eu lieu dans ce pays.

Une Proclamation conforme à cet engagement sera adressée par les autorités Chinoises, au nom de Sa Majesté l'Empereur de la Chine, à la population du pays d'Ili, avant la remise de ce pays aux dites autorités.

III. Les habitants du pays d'Ili seront libres de rester sur les lieux de leur résidence actuelle comme sujets Chinois, ou d'émigrer en Russie et adopter la sujétion Russe. Ils seront appelés à se prononcer à ce sujet avant le rétablissement de l'autorité Chinoise dans le pays d'Ili, et un délai d'un an, à partir du jour de la remise du pays aux autorités Chinoises, sera accordé à ceux qui témoigneront le désir d'émigrer en Russie. Les autorités Chinoises n'opposeront aucune entrave à leur émigration et à l'exportation de leur propriété mobilière.

IV. Les sujets Russes possédant des terrains dans le pays d'Ili conserveront leurs droits de propriété, même après le rétablissement de l'autorité du Gouvernement Chinois dans ce pays.

Cette disposition n'est pas applicable aux habitants du pays d'Ili qui adopteront la sujétion Russe lors du rétablissement de l'autorité Chinoise dans ce pays.

Les sujets Russes dont les terrains sont situés en dehors des emplacements affectés aux factoreries Russes, en vertu de l'Article XIII du Traité de Kouldja de 1851,* devront acquitter les mêmes impôts et contributions que les sujets Chinois.

V. Les deux Gouvernements délègueront à Kouldja des Commissaires qui procéderont à la remise d'une part, et à la reprise de

* Vol. LIII. Page 961.

l'autre, de l'administration de la Province d'Ili, et qui seront chargés, en général, de l'exécution des stipulations du présent Traité se rapportant au rétablissement, dans ce pays, de l'autorité du Gouvernement Chinois.

Les dits Commissaires rempliront leur mandat en se conformant à l'entente qui sera établie, quant au mode de remise d'une part, et de reprise de l'autre, de l'administration du pays d'Ili, entre le Gouverneur-Général du Turkestan et le Gouverneur-Général des Provinces du Chan-si et du Kan-sou, chargés par les deux Gouvernements de la haute direction de cette affaire.

La remise de l'administration du pays d'Ili doit être terminée dans un délai de trois mois, ou plus tôt si faire se peut, à dater du jour de l'arrivée à Tashkend du fonctionnaire qui sera délégué par le Gouverneur-Général du Chan-si et du Kan-sou auprès du Gouverneur-Général du Turkestan, pour lui notifier la ratification et la promulgation du présent Traité par Sa Majesté l'Empereur de la Chine.

VI.* Le Gouvernement de Sa Majesté l'Empereur de la Chine payera au Gouvernement Russe la somme de 9,000,000 de roubles métalliques, destinée à couvrir les frais occasionnés par l'occupation du pays d'Ili par les troupes Russes depuis 1871, à satisfaire toutes les réclamations pécuniaires auxquelles ont donné lieu, jusqu'aujourd'hui, les pertes que les sujets Russes ont subies dans leurs biens pillés sur territoire Chinois, et à fournir secours aux familles des sujets Russes tués dans les attaques armées dont ils ont été victimes sur territoire Chinois.

La somme susmentionnée de 9,000,000 de roubles métalliques sera versée, dans le terme de deux ans à partir du jour de l'échange des ratifications du présent Traité, suivant l'ordre et les conditions convenus entre les deux Gouvernements dans le Protocole spécial annexé au présent Traité.

VII. La partie occidentale du pays d'Ili est incorporée à la Russie pour servir de lieu d'établissement aux habitants de ce pays qui adopteront la sujétion Russe, et qui, par ce fait, auront dû abandonner les terrains qu'ils y possédaient.

La frontière entre les possessions de la Russie et la province Chinoise d'Ili suivra, en partant des montagnes Bédjin-Taou, le cours de la Rivière Khorgos, jusqu'à l'endroit où celle-ci se jette dans la Rivière Ili, et, traversant cette dernière, se dirigera au sud, vers les montagnes Ouzontaou, en laissant à l'ouest le village de Koldjat. A partir de ce point elle suivra, en se dirigeant au sud, le tracé fixé par le Protocole signé à Tchougoutchak en 1864.†

VIII. Une partie de la ligne-frontière, fixée par le Protocole

* See Protocol, Page 1150.

† Vol. LXVII. Page 174.

signé à Tchougoutchak en 1864, à l'est du Lac Zaïsan, ayant été trouvée défectueuse, les deux Gouvernements nommeront des Commissaires qui modifieront, d'un commun accord, l'ancien tracé, de manière à écarter les défectuosités signalées, et à établir une séparation efficace entre les tribus Kirghises soumises aux deux Empires.

Il sera donné au nouveau tracé, en tant que possible, une direction intermédiaire entre l'ancienne frontière et une ligne droite se dirigeant des Monts Kouïtoun vers les Monts Saour, en traversant le Tcherny-Irtych.

IX. Des Commissaires seront nommés par les deux Parties Contractantes pour procéder à la pose de poteaux de démarcation, tant sur le tracé fixé par les Articles précédents VII et VIII que sur les parties de la frontière où il n'a pas encore été posé de poteaux. L'époque et le lieu de réunion de ces Commissaires seront fixés par une entente entre les deux Gouvernements.

Les deux Gouvernements nommeront également des Commissaires pour examiner la frontière et pour poser des poteaux de démarcation entre la province Russe de Ferganah et la partie occidentale de la province Chinoise de Kachgar. Ces Commissaires prendront pour base de leurs travaux la frontière existante.

X. Le droit reconnu au Gouvernement Russe par les Traités de nommer des Consuls à Ili, à Tarbagataï, à Kachgar, et à Ourga est étendu, dès à présent, aux villes de Sou-Tcheou (Tsia-yu-kouan) et de Tourfan. Dans les villes suivants : Kobdo, Ouliassoutaï, Khami, Ouroumtsi, et Goutchen, le Gouvernement Russe établira des Consuls au fur et à mesure du développement du commerce, et après entente avec le Gouvernement Chinois.

Les Consuls de Sou-Tcheou (Tsia-yu-kouan) et de Tourfan exerceront les fonctions Consulaires dans les districts voisins, où les intérêts des sujets Russes réclameront leur présence.

Les dispositions contenues dans les Articles V et VI du Traité conclu à Pékin en 1860,* et relative à la concession de terrains pour les maisons des Consuls, pour les cimetières, et pour les pâturages, s'appliqueront également aux villes de Sou-Tcheou (Tsia-yu-kouan) et de Tourfan. Les autorités locales aideront les Consuls à trouver des habitations provisoires jusqu'au moment où les maisons des Consuls seront construites.

Les Consuls Russes en Mongolie et dans les arrondissements situés sur les deux versants du Tian-chan se serviront, pour leurs voyages et pour l'envoi de leur correspondance, des institutions postales du Gouvernement, conformément aux stipulations de l'Article XI du Traité de Tien-tsin et de l'Article XII du Traité

* Vol. LIII. Page 970.

de Pékin. Les autorités Chinoises, auxquelles ils s'adresseront à ces fins, leur prêteront aide et assistance.

La ville de Tourfan n'étant pas une localité ouverte au commerce étranger, le droit d'y établir un Consulat ne saurait être invoqué comme précédent pour obtenir un droit analogue par rapport aux ports de la Chine, aux provinces intérieures, et à la Mandchourie.

XI. Les Consuls Russes en Chine communiqueront, pour affaires de service, soit avec les autorités locales de la ville de leur résidence, soit avec les autorités supérieures de l'arrondissement ou de la province, suivant que les intérêts qui leur sont respectivement confiés, l'importance des affaires à traiter, et leur prompt expédition l'exigeront. La correspondance entre eux se fera sous forme de lettres officielles. Quant aux règles d'étiquette à observer lors de leurs entrevues, et, en général, dans leurs relations, elles seront basées sur les égards que se doivent réciproquement les fonctionnaires de deux Puissances amies.

Toutes les affaires qui surgiront sur territoire Chinois, au sujet de transactions commerciales ou autres, entre les ressortissants des deux États seront examinées et réglées, d'un commun accord, par les Consuls et les autorités Chinoises.

Dans les litiges en matière de commerce les deux parties pourront terminer leurs différends à l'amiable, au moyen d'arbitres choisis de part et d'autre. Si l'entente ne s'établit pas par cette voie, l'affaire sera examinée et réglée par les autorités des deux États.

Les engagements contractés par écrit entre sujets Russes et Chinois relativement à des commandes de marchandises, au transport de celles-ci, à la location de boutiques, de maisons, et d'autres emplacements, ou relatifs à d'autres transactions du même genre, peuvent être présentés à la légalisation des Consuls et des Administrations supérieures locales qui sont tenus de légaliser les documents qui leur sont présentés. En cas de non-exécution des engagements contractés, les Consuls et les autorités Chinoises aviseront aux mesures capables d'assurer l'exécution de ces obligations.

XII. Les sujets Russes sont autorisés à faire, comme par le passé, le commerce en franchise de droits dans la Mongolie soumise à la Chine, tant dans les localités et les aïmaks où il se trouve une Administration Chinoise que dans ceux où il n'en existe point.

Les sujets Russes jouiront également de la faculté de faire le commerce en franchise de droits dans les villes et autres localités des provinces d'Ili, de Tarbagataï, de Kachgar, d'Ouroumtsi, et autres, situés sur les versants nord et sud de la chaîne du Tian-chan, jusqu'à la Grande-Muraille. Cette immunité sera abrogée lorsque le développement du commerce nécessitera l'établissement d'un

Tarif Douanier, conformément à une entente à survenir entre les deux Gouvernements.

Les sujets Russes pourront importer dans les susdites provinces de la Chine, et en exporter, toute espèce de produits, de quelque provenance qu'ils soient. Ils pourront faire des achats et des ventes, soit au comptant, soit par voie d'échange; ils auront le droit d'effectuer leurs paiements en marchandises de toute espèce.

XIII. Dans les localités où le Gouvernement Russe aura le droit d'établir des Consulats, ainsi que dans la ville de Kalgan, les sujets Russes pourront construire des maisons, des boutiques, des magasins, et d'autres bâtiments sur les terrains qu'ils acquerront par voie d'achat, ou qui leur seront concédés par les autorités locales, conformément à ce qui a été établi pour l'Ili et le Tarbagataï par l'Article XIII du Traité de Kouldja de 1851.

Les privilèges accordés aux sujets Russes dans la ville de Kalgan, où il n'y aura pas de Consulat, constituent une exception qui ne saurait être étendue à aucune autre localité des provinces intérieures.

XIV. Les négociants Russes qui voudront expédier de Russie, par voie de terre, des marchandises dans les provinces intérieures de la Chine pourront, comme autrefois, les diriger, par les villes de Kalgan et de Toun-Tcheou, sur le port de Tien-tsin, et, de là, sur d'autres ports et marchés intérieurs, et les vendre dans ces différentes localités.

Les marchands se serviront de cette même voie pour exporter en Russie des marchandises achetées tant dans les villes et ports sus-nommés que sur les marchés intérieurs.

Ils auront également le droit de se rendre, pour affaires de commerce, à Sou-tcheou (Tsia-yu-kouan), point terminal des caravanes Russes, et ils y jouiront de tous les droits accordés au commerce Russe à Tien-tsin.

XV. Le commerce par voie de terre exercé par les sujets Russes dans les provinces intérieures et extérieures de la Chine sera régi par le Règlement annexé au présent Traité.

Les stipulations commerciales du présent Traité, ainsi que le Règlement qui lui sert de complément, pourront être révisés après un intervalle de 10 ans révolus, à partir du jour de l'échange des ratifications du Traité; mais si, dans le courant de six mois avant l'expiration de ce terme, aucune des Parties Contractantes ne manifeste le désir de procéder à la révision, les stipulations commerciales, ainsi que le Règlement, resteront en vigueur pour un nouveau terme de 10 ans.

Le commerce par voie de mer des sujets Russes en Chine sera soumis aux Règlements généraux établis pour le commerce maritime étranger en Chine. S'il devient nécessaire d'apporter des

modifications à ces Règlements, les deux Gouvernements établiront une entente à ce sujet.

XVI. Si le développement du commerce Russe par voie de terre provoque la nécessité de l'établissement, pour les marchandises d'exportation et d'importation en Chine, d'un Tarif Douanier plus en rapport que les Tarifs actuellement en vigueur avec les nécessités de ce commerce, les Gouvernements Russe et Chinois procéderont à une entente à ce sujet, en adoptant pour base de la fixation des droits d'entrée et de sortie le taux de 5 pour cent de la valeur des marchandises.

Jusqu'à l'établissement de ce Tarif, les droits d'exportation, prélevés sur quelques espèces de thés de qualités inférieures, actuellement imposés au taux établi pour le thé de qualité supérieure seront diminués proportionnellement à leur valeur. Il sera procédé à la fixation de ces droits, pour chaque espèce de thé, par une entente entre le Gouvernement Chinois et l'Envoyé de Russie à Pékin, dans le terme d'un an, au plus tard, à partir du jour de l'échange des ratifications du présent Traité.

XVII. Des divergences d'opinion s'étant produites jusqu'ici dans l'application de l'Article X du Traité conclu à Pékin en 1860, il est établi, par les présentes, que les stipulations de l'Article susdit, relatives aux répétitions à exercer en cas de vol et de détournement de bétail au delà de la frontière, seront, à l'avenir, interprétées dans ce sens, que lors de la découverte d'individus coupables de vol ou de détournement de bétail ils seront condamnés à payer la valeur réelle du bétail qu'ils n'auront pas restitué. Il est entendu qu'en cas d'insolvabilité des individus coupables de vol de bétail l'indemnité à payer pour le bétail manquant ne saurait être mise à la charge des autorités locales.

Les autorités frontières des deux États poursuivront, selon toute la rigueur des lois de leur pays, les individus coupables de détournement ou de vol de bétail, et devront prendre les mesures qui dépendront d'elles pour la restitution, à qui de droit, du bétail détourné ou qui aurait passé la frontière.

Les traces du bétail détourné ou qui aurait passé la frontière peuvent être indiquées, non seulement aux gardiens des postes frontières, mais aussi aux anciens des villages les plus proches.

XVIII. Les stipulations du Traité conclu à Aïgoun le 16 Mai, 1858,* concernant les droits des sujets des deux Empires de naviguer sur l'Amour, sur le Soungari, et sur l'Oussouri, et de faire le commerce avec les populations des localités riveraines, sont et demeurent confirmées.

Les deux Gouvernements procéderont à l'établissement d'une entente concernant le mode d'application des dites stipulations.

* Vol. LIII. Page 964.

XIX. Les dispositions des anciens Traités entre la Russie et la Chine, non-modifiées par le présent Traité, restent en pleine vigueur.

XX. Le présent Traité, après avoir été ratifié par les deux Empereurs, sera promulgué dans chaque Empire, pour la connaissance et la gouverne de chacun. L'échange des ratifications aura lieu à Saint-Pétersbourg dans le terme de six mois à compter du jour de la signature du Traité.

Ayant arrêté les Articles ci-dessus, les Plénipotentiaires des deux Parties Contractantes ont signé et scellé de leurs sceaux deux exemplaires du présent Traité, en langues Russe, Chinoise, et Française. Des trois textes, dûment confrontés et trouvés concordants, le texte Français fera foi pour l'interprétation du présent Traité.

Fait à Saint-Pétersbourg, le $\frac{1}{2}$ Février, 1881.

(L.S.) NICOLAS DE GIERS.

(L.S.) EUGÈNE BUTZOW.

(L.S.) TSÊNG.

PROTOCOLE.

En vertu de l'Article VI du Traité signé aujourd'hui par les Plénipotentiaires des Gouvernements Russe et Chinois, le Gouvernement Chinois payera au Gouvernement Russe la somme de 9,000,000 roubles métalliques, destinée à couvrir les frais de l'occupation du pays d'Ili par les troupes Russes et à satisfaire diverses réclamations pécuniaires des sujets Russes. Cette somme doit être payée dans le délai de deux ans à compter du jour de l'échange des ratifications du Traité.

Désirant préciser le mode de paiement de la somme précitée, les Soussignés sont convenus de ce qui suit:—

Le Gouvernement Chinois versera l'équivalent de la somme de 9,000,000 roubles métalliques en livres sterling, soit 1,431,664*l.* 2*s.* sterling, chez MM. Baring, Frères, and Cie., à Londres, en six parts égales de 238,610*l.* 13*s.* 8*d.* sterling chacune, moins les frais de banque d'usage qui seront occasionnés par le transfert de ces paiements à Londres.

Les versements seront échelonnés à quatre mois de distance l'un de l'autre, le premier devant être effectué quatre mois après l'échange des ratifications du Traité signé aujourd'hui, et le dernier au terme de deux ans révolus après cet échange.

Le présent Protocole aura la même force et valeur que s'il était inséré mot à mot dans le Traité signé aujourd'hui.

En foi de quoi les Plénipotentiaires des deux Gouvernements ont signé le présent Protocole et y ont apposé leurs sceaux.

Fait à Saint-Petersbourg, le $\frac{1}{2}$ Février, 1881.

(L.S.) NICOLAS DE GIERS.

(L.S.) EUGÈNE BUTZOW.

(L.S.) TSÊNG.

RÈGLEMENT pour le Commerce par Voie de Terre.

ART. 1. Un commerce de libre-échange et en franchise de droits, entre sujets Russes et sujets Chinois, est autorisé sur une zone limitrophe s'étendant des deux côtés de la frontière à la distance de 50 verstes (100 li). Chacun des deux Gouvernements se réserve de surveiller ce commerce conformément à ses règlements frontières. -

2. Les sujets Russes se rendant pour affaires de commerce en Mongolie et dans les districts situés sur les versants nord et sud du Tian-chan peuvent franchir la frontière seulement en certains points, énumérés dans la liste annexée au présent Règlement.

Ils doivent être munis par les autorités Russes de permis en langues Russe et Chinoise, avec traduction Mongole et Tatare. Le nom du propriétaire de la marchandise ou du chef de la caravane, la spécification des marchandises, le nombre des colis et celui du bétail, peuvent être indiqués, en langue Mongole ou Tatare, dans le texte Chinois de ces permis.

A leur entrée sur territoires Chinois les marchands sont tenus de présenter leurs permis au poste Chinois le plus proche de la frontière, où, après vérification, le permis devra être visé par le chef du poste.

Les autorités Chinoises ont le droit d'arrêter les marchands qui auraient franchi la frontière sans permis, et de les remettre entre les mains des autorités Russes les plus proches de la frontière, ou au Consul Russe compétent, pour qu'une punition sévère leur soit infligée.

En cas de perte du permis, le propriétaire est tenu d'en aviser le Consul Russe le plus proche, pour s'en faire délivrer un nouveau, et d'en informer les autorités locales pour obtenir un certificat temporaire lui permettant de continuer sa route.

Les marchandises importées en Mongolie et dans les arrondissements situés sur les versants du Tian-chan, qui n'y auraient point été vendues, peuvent être dirigées sur les villes de Tien-tsin et de Sou-tchéou (Tsia-yu-kouan), pour y être vendues ou pour être expédiées plus loin en Chine.

Pour le prélèvement des droits sur ces marchandises, pour la délivrance des permis de transport, et pour les autres formalités de

Douane, il sera procédé conformément aux dispositions ci-dessous détaillées.

3. Les marchands Russes qui expédient des marchandises de Kiakhta et du pays de Nertchinsk à Tien-tsin sont tenus de les faire passer par Kalgan, Dounba, et Tountchéou. La même voie sera prise par les marchandises dirigées sur Tien-tsin, de la frontière Russe, par Kobdo et Kouï-houa-tchen.

Les marchands doivent être munis de permis de transport délivrés par les autorités Russes, dûment visés par les autorités Chinoises compétentes, portant indication, en langues Russe et Chinoise, du nom du propriétaire de la marchandise, du nombre des colis, et du genre de la marchandise qu'ils contiennent.

Les fonctionnaires des Douanes Chinoises situées sur la route suivie par les marchandises procéderont, sans retard, à la vérification du nombre des colis et à la visite des marchandises qu'ils laisseront passer après avoir apposé le visa sur le permis.

Les colis ouverts durant la visite douanière seront refermés par les soins de la douane, qui marquera sur le permis le nombre des colis ouverts.

La visite douanière ne doit pas durer plus de deux heures.

Les permis devront être présentés, dans un délai de six mois, à la douane de Tien-tsin, pour être annulés. Si le propriétaire des marchandises trouve ce délai insuffisant, il est tenu d'en informer, en temps et lieu, les autorités Chinoises.

En cas de perte du permis, le marchand est tenu d'en aviser les autorités qui le lui ont délivré pour obtenir un duplicata, et de déclarer à cet effet le numéro et la date du permis égaré. La douane la plus proche, située sur sa route, après avoir constaté l'exactitude de la déclaration du marchand, lui délivre un certificat provisoire, avec lequel les marchandises peuvent être dirigées plus loin.

Une déclaration inexacte de la quantité des marchandises, s'il est prouvé qu'elle a été faite avec l'intention de dissimuler des ventes opérées en route, ou d'échapper au paiement des droits, entraîne, pour le marchand, l'application des peines établies dans Article 8 du présent Règlement.

4. Les marchands Russes qui désireraient vendre à Kalgan une partie quelconque des marchandises importées de Russie doivent en faire la déclaration à l'autorité locale dans le délai de cinq jours. Celle-ci, après acquittement par le marchand des droits d'importation entiers, lui délivre un permis de vente des marchandises.

5. Les marchandises importées de Russie, par voie de terre, par les marchands Russes, à Tien-tsin, y acquitteront un droit d'importation équivalent aux deux tiers des droits établis par le Tarif.

Les marchandises importées de Russie à Sou-tcheou (Tsia-yu-kouan) payeront, dans cette ville, les mêmes droits et seront soumises aux mêmes règlements qu'à Tien-tsin.

6. Si les marchandises laissées à Kalgan, et qui y ont acquitté les droits d'entrée, n'y sont point vendues, leur propriétaire pourra les expédier à Toun-tcheou ou à Tien-tsin, et la douane, sans percevoir de nouveaux droits, restituera au marchand un tiers du droit d'entrée payé à Kalgan, en faisant une annotation correspondante sur le permis délivré en ce cas par la douane de Kalgan.

Les négociants Russes peuvent expédier sur les marchés de l'intérieur les marchandises laissées à Kalgan et qui y ont acquitté les droits d'entrée, en se conformant aux conditions générales établies pour le commerce étranger en Chine, après acquittement d'un droit de transit (*i.e.*, la moitié des droits spécifiés dans le Tarif). Il sera délivré pour ces marchandises un permis de transport qui doit être exhibé à toutes les douanes et barrières situées sur la route. Les marchandises non accompagnées de ce permis auront à acquitter les droits aux douanes qu'elles traverseront, et le *li-kin* aux barrières.

7. Les marchandises importées de Russie à Sou-tcheou (Tsia-yu-kouan) peuvent être expédiées sur les marchés de l'intérieur, aux conditions stipulées dans l'Article 9 du présent Règlement, pour les marchandises expédiées de Tien-tsin en destination des marchés de l'intérieur.

8. S'il était constaté, lors de la visite douanière des marchandises importées de Russie à Tien-tsin, que les marchandises spécifiées dans le permis ont été retirées des colis et remplacées par d'autres, ou bien que leur quantité (déduction faite de ce qui en aura été laissé à Kalgan) est inférieure au chiffre indiqué dans le permis, toutes les marchandises présentées à la visite seront confisquées par la douane.

Il est entendu que les colis avariés en route, et qui, par suite de cela, auront subi un réemballage, ne seront pas sujets à confiscation, si toutefois le fait d'avarie a été dûment déclaré à la douane la plus proche, et si cette dernière, après constatation de l'état intact de la marchandise primitivement expédiée, a fait une annotation correspondante sur le permis.

Seront sujettes à confiscation les marchandises dont il sera constaté qu'une partie a été vendue en chemin.

Si les marchandises ont été transportées par des voies détournées, afin de les soustraire aux visites des douanes établies sur les routes indiquées à l'Article 3, le propriétaire en sera passible d'une amende égale au droit d'importation entier.

Si l'infraction aux règlements susmentionnés a été commise à l'insu et sans la participation du propriétaire de la marchandise, par

les voituriers, les douanes, en fixant l'amende, prendront cette circonstance en considération. Cette disposition se rapporte exclusivement aux localités traversées par le commerce Russe par voie de terre, et ne saurait être appliquée à des cas analogues qui se produiraient dans les ports et dans l'intérieur des provinces.

En cas de confiscations des marchandises, le négociant a le droit de libérer celles-ci moyennant le versement d'une somme équivalente à leur valeur, dûment déterminée par une entente avec les autorités Chinoises.

9. A l'exportation de Tien-tsin, par mer, en destination de quelque autre port Chinois ouvert par les Traités au commerce étranger, des marchandises importées de Russie par voie de terre, la douane de Tien-tsin prélève sur ces marchandises un tiers des droits entiers fixés par le Tarif, en sus des deux tiers déjà perçus. Aucun droit ne sera prélevé sur ces marchandises dans les autres ports.

Les marchandises exportées de Tien-tsin, ou des autres ports, en destination des marchés intérieurs, seront frappées du droit de transit (*i.e.*, la moitié des droits spécifiés dans le Tarif) d'après les dispositions générales établies pour le commerce étranger.

10. Les marchandises Chinoises, exportées de Tien-tsin en Russie par les marchands Russes, doivent être dirigées sur Kalgan par la voie indiquée à l'Article 3.

Il sera prélevé sur ces marchandises, à leur sortie, des droits d'exportation entiers. Toutefois, les marchandises de réimportation achetées à Tien-tsin, ainsi que celles achetées dans un autre port, et expédiées, en transit, à Tien-tsin, pour l'exportation en Russie, étant accompagnées d'un reçu de la douane constatant le paiement des droits de sortie, n'en seront pas frappées une seconde fois, et le demi-droit de réimportation (droit côtier), versé à Tien-tsin, sera restitué au marchand si les marchandises qui auront acquitté ce droit sont exportées en Russie dans le délai d'un an après le versement de ce droit.

Le Consul de Russie délivre, pour le transport des marchandises en Russie, un permis portant indication, en langues Russe et Chinoise, du nom du propriétaire de la marchandise, du nombre des colis et des marchandises qu'ils contiennent. Ces permis seront visés par la douane du port et devront accompagner les marchandises pour être exhibés lors de la visite de celles-ci aux douanes établies sur la route.

On se conformera aux règles détaillées à l'Article 3 quant au délai dans lequel le permis doit être présenté à la douane pour être annulé, et pour les cas de perte de permis.

Les marchandises doivent suivre la voie indiquée à l'Article 3 et ne devront pas être vendues en route; l'infraction à cette règle entraînera, pour le marchand, l'application des pénalités indiquées à

l'Article 8. La visite des marchandises aux douanes situées sur la route se fera conformément aux règles indiquées à l'Article 3.

Les marchandises Chinoises que les marchands Russes achèteront à Sou-tcheou (Tsia-yu-kouan), ou qu'ils y amèneront des marchés de l'intérieur en destination de la Russie, auront à acquitter, à leur exportation de Sou-tcheou en Russie, les droits fixés pour les marchandises exportées de Tien-tsin, et seront soumises aux règlements établis pour ce port.

11. Les marchandises achetées à Toun-tcheou auront à acquitter, à leur exportation en Russie par voie de terre, les droits de sortie entiers, selon le Tarif.

Les marchandises achetées à Kalgan acquitteront dans cette ville, à leur exportation en Russie, un droit équivalent à la moitié des droits spécifiés dans le Tarif.

Quant aux marchandises achetées par les négociants Russes sur les marchés intérieurs et importées à Toun-tcheou et Kalgan, pour être exportées de là en Russie, elles seront, en outre, frappées de droits de transit, conformément aux règles générales établies pour le commerce étranger sur les marchés intérieurs.

Les douanes locales des villes ci-dessus énumérées, après avoir prélevé les droits, délivreront au marchand un permis pour le transport des marchandises. - Pour les marchandises exportées de Toun-tcheou, ce permis sera délivré par la douane de Dounba, à laquelle se feront la demande de ce permis, ainsi que le versement des droits que les marchandises auront à acquitter. Il sera fait mention dans le permis de la défense de vendre les marchandises en route.

Les règles détaillées à l'Article 3, relatives aux permis, à la visite des marchandises, &c., se rapportent également aux marchandises exportées des localités énumérées dans le présent Article.

12. Les marchandises de provenance étrangère, exportées en destination de la Russie, par voie de terre, de Tien-tsin, de Toun-tcheou, de Kalgan, et de Sou-tcheou (Tsia-yu-kouan), n'auront pas de droits d'acquitter si le marchand produit un reçu de la douane accusant paiement des droits d'importation et de transit sur ces marchandises. Si elles n'ont acquitté que les droits d'entrée, la douane compétente réclamera, en outre, du négociant, le versement du droit de transit fixé par le Tarif.

13. Les marchandises importées en Chine par les marchands Russes, ou exportées par eux, acquitteront les droits de douane selon le Tarif Général établi pour le commerce étranger en Chine, et selon le Tarif Additionnel établi en 1862 pour le commerce Russe.

Les marchandises non énumérées dans l'un ou dans l'autre de ces Tarifs seront imposées d'un droit de 5 pour cent *ad valorem*.

14. Seront admis, en franchise de droits, à l'importation et à l'exportation, les articles suivants:—

L'or et l'argent en lingots, la monnaie étrangère, les farines de toute espèce, le sagou, les biscuits, les viandes et les légumes en conserves, le fromage, le beurre, les produits de confiserie, les vêtements étrangers, les objets de joaillerie et l'argenterie, les parfums et les savons de toute espèce, le charbon de bois, le bois de chauffage, les bougies de fabrication étrangère, le tabac et les cigares étrangers, les vins, la bière, les boissons spiritueuses, les provisions et ustensiles de ménage, employés dans les maisons et sur les navires, le bagage des voyageurs, les fournitures de chancellerie, les articles de tapisserie, la coutellerie, les médicaments étrangers, la verroterie, et les objets en cristal.

Les articles ci-dessus énumérés passeront en franchise de droits, à leur entrée et à leur sortie par voie de terre; mais s'ils sont expédiés, des villes et des ports mentionnés dans le présent Règlement, sur les marchés intérieurs, ils seront frappés d'un droit de transit au taux de $2\frac{1}{2}$ pour cent *ad valorem*. Seront, toutefois, exempts du paiement de ce droit: le bagage de voyageurs, l'or et l'argent en lingots, et la monnaie étrangère.

15. Sont prohibés tant pour l'importation que pour l'exportation, et sont sujets à confiscation dans le cas de transport en contrebande, les articles suivants:—

La poudre, les munitions d'artillerie, les canons, les fusils, les carabines, les pistolets, et toutes les armes à feu. Les engins et munitions de guerre, le sel, l'opium.

Les sujets Russes se rendant en Chine pourront avoir, chacun pour leur défense personnelle, un fusil ou un pistolet, ce dont mention devra être faite dans le permis dont ils seront porteurs.

L'importation, par les sujets Russes, du salpêtre, du soufre, et du plomb, n'est admise que sur une autorisation spéciale des autorités Chinoises, et ces articles ne pourront être vendus qu'aux sujets Chinois qui auront reçu un permis d'achat spécial.

L'exportation du riz et de la monnaie de cuivre Chinoise est prohibée. Par contre, l'importation du riz et de toutes les céréales est autorisée en franchise de droits.

16. Il est interdit aux négociants Russes de transporter les marchandises appartenant à des commerçants Chinois en les faisant passer pour leur propriété.

17. Les autorités Chinoises auront le droit de prendre telles mesures que seront nécessaires contre le commerce de contrebande.

Fait à Saint-Pétersbourg, le $\frac{1}{2}$ Février, 1881.

(L.S.) NICOLAS DE GIERS.

(L.S.) EUGÈNE BUTZOW.

(L.S.) TSÉNG.

Annexe à l'Article 2 du Règlement pour le Commerce par Voie de Terre.

LISTE des Points-Frontières par lesquels pourront passer les sujets Russes, se rendant en Chine pour Affaires de Commerce.

Postes Russes.

1. Staro-Tsouroukhaitouïsky.
2. Tsagan-Oloïevsky.
3. Klioutchevsky.
4. Kouloussoutaïevsky.
5. Tchassoutchéïevsky.
6. Douroulgouïevsky.
7. Tokhtorsky.
- 8.
9. Achinginsky.
10. Mentzinsky.
11. Charagolsky.
12. Koudarinsky.
13. Kiakhta.
14. Botsiïsky.
15. Jeltourinsky.
16. Kharatsaïsky.
17. Khamneïsky.
18. Klioutchevskoï.
19. Khanghinsky.
20. Okinsky.

Postes Chinois.

- Khouboltchjikhon.
Tzérintou.
Mookghédzèghè.
Ouliantou.
Dorolok.
Khorine-narassou.
Khouratsa.
Baïandarga.
Achinga.
Mindza.
Oûïagla.
Koudara.
Kiakhta.
Khara-khoutchjir.
Tchjirghètey.
Ortokho.
Irektchilam.
Oûïoulet.
Byltys.
Tsaï-gool.

21. Tchjintchjilik.
22. Joustyt.
23. Souok.
24. Tsagan-obo.
25. Bourgassoutaï.
26. Khabar-oussou.
27. Bakhty.
28. Kaptagaï.
29. La passe Kok-sou.
30. Khorgos.
31. La passe Bèdèl.
32. La passe Tèrèkty.
33. La passe Tourougarte.
34. La passe Souïok.
35. Irkèchtam.

La présente liste de points de passage pourra être modifiée par une entente entre l'Envoyé de Russie à Pékin et le Ministère des Affaires Étrangères de Chine, d'après les données relatives aux avantages de ces points qui leur seront fournies par les Consuls de Russie et par les autorités frontières Chinoises. Ces modifications porteront sur l'exclusion de certains points qui seront reconnus superflus, ou sur leur remplacement par d'autres, plus nécessaires au mouvement du commerce.

(L.S.) NICOLAS DE GIERS.
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